

The Next Step In Your Career

Most insurance agents are limited to only product based sales to consumers. Changing times make it a win-win proposition for them, to look at it from a need based, consumer centric and multi-agency perspective.





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Most affluent customers have the not so favorable experience of being approached by several tied agents, all of whom argue that the company they represent has the right solution. Such advice is by definition, biased. And, the customer is still left with several options to choose from where he or she needs to do the tedious homework of comparing different plans with limited knowledge.

This article reviews the opportunities for tied agents of insurance companies and other interested financial advisors to become independent insurance advisors. It means that the advisor can sell insurance products from a range of

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insurance companies which is a common practice in other products like mutual funds in financial services.

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Introduction

Personal or individual, life and health insurance are almost exclusively sold through tied agents who exclusively represent and sell on behalf of one company. In this context, banks and other institutions can be viewed as corporate agents also exclusively selling on behalf of one insurance company only.

Further development of customers and the industry will lead to the emergence of Independent Insurance Advisory Services in personal life & health insurance. Moreover, statistics show that Independent Agents are more productive than tied agents.

Compelling Benefits

The benefits of Independent Insurance Advisory Services are compelling for all stakeholders and especially customers and advisors.

Customers

In the case of Independent Advice, the customer is presented with the different options available through one source and in a comprehensive, objective way. The independent advisor will do the work and the customer can spend his time more meaningfully.

Advisors

For financial advisors and especially current tied agents the opportunity to sell from more than one company is compelling. It increases their reputation being able to provide objective advice to customers. Especially since the customer relationship by itself is the largest value of the advisor, leveraging such relationship is key. Currently all tied agents are losing business to competitors.

It increases their professionalism by innovating the way they service and sell to their customers. This will enable

them also to attract new customers more easily. It increases their income potential by improving their conversion rate which also contributes to job satisfaction.

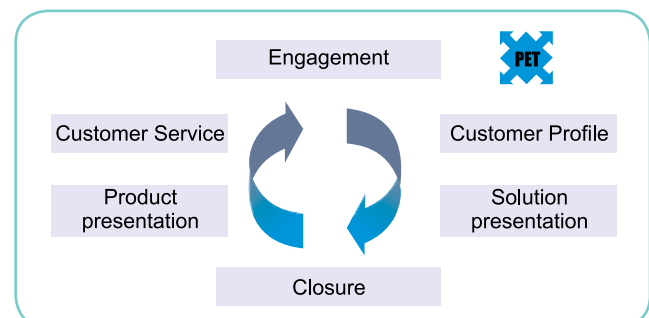
In short, the Independent Advisor has a much more meaningful role to play. It will improve job satisfaction which is paramount for long term success.

The Customer Process Redefined

We identify a six phase customer process of which part is the sales process.

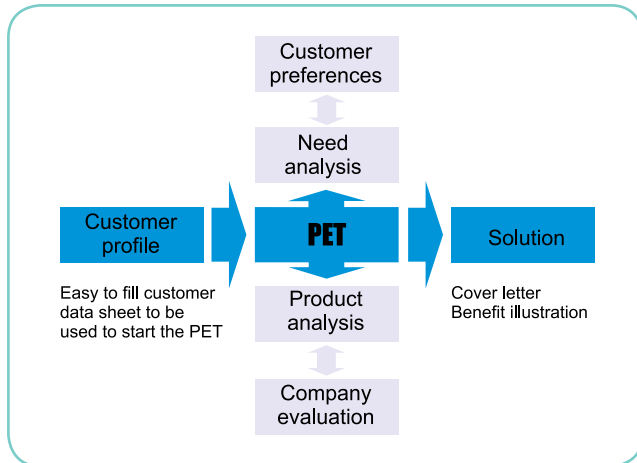
For the purpose of this article we will discuss the Product Evaluation Tool “PET” in more detail.

PET captures the selection of the right solution after



the customer profile is established. The customer profile is established through a simple but comprehensive customer profile document- the Customer Evaluation Sheet. This reflects the results of the need analysis.

The Product Evaluation Tool (PET) uses the information in the Customer Evaluation Sheet as input. Evaluation factors are grouped in 4 categories -or cylinders- as under:



The Customer Preferences cylinder captures the emotional dimension of decision making whereby the customer may have explicit preferences for a product and/or provider.

The Need Analysis cylinder captures the objective need

available in the market. Amongst others, it secures that in the first meeting only the needs of customers are identified. Product solutions are presented in the second meeting after the Product Evaluation Tool has done its work

Through this process the buying decision is being prepared in a professional and objective manner. In the course of this process, the trust between the advisor and customer is also established such that the buying decision is a more logical result.

Customer Segments

It is beneficial to focus on the more affluent section of society. The advisory process is relatively expensive and therefore a certain minimum premium is required to achieve profitability in a reasonable period of time.

Opportunity

Financial advisors who have experience with independent advisory services in amongst others mutual funds, should consider including independent insurance advisory services in their portfolio.

And, tied insurance agents should truly consider becoming independent advisors. These advisors would be leveraging their customer relationships, innovating the way they do business and improving their services while taking “the next step in their career”!

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CASE STUDY

A 46 year old requires a pure protection – Term Insurance policy of Rs 80 Lakh for a period of 25 years. After analyzing the options in the market, the lowest premium with a reputable company amounts to Rs 54,000.

However based on the Product Evaluation Tool a more attractive solution is found by balancing the Premium and the Sum Assured in a Unit Linked Savings Plan. For the same premium, the customer can be offered a slightly higher Sum Assured with a guaranteed fund value at the maturity date.

analysis of the customer whereby the product category and protection/savings/investment needs are captured including risk appetite, affordability and duration.

The Product Evaluation cylinder matches the specific customer needs with the products available in the category. The Company Evaluation cylinder reviews the service levels of the insurance company and its fund performance.

Customer Experience So Far

Customers are pleased with the clearly defined process which is being followed when matching their need with the products

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