

# CHAPTER 1

---

## **Customer Service Will Always Be the Apex**

As the world changes, customers' preferences change. Today, consumers want more and different options than they were offered in the past. This is the current reality in all types of industries. Our job is to give them what they want. They are and always will be the apex, or high point, of our reason for being in business.

For example, people who apply for life insurance have always been required to undergo a physical exam. This has been the case for decades. But according to the seventh annual Insurance Barometer Study, conducted in 2017 by LIMRA and Life Happens, seventy percent of Americans who would consider purchasing life insurance would be interested in doing so without a physical exam—a process called “simplified underwriting.”<sup>5</sup>

Some carriers are offering this option in certain situations. If our industry would evolve from our usual way of doing business and offer this option to more consumers, imagine how many more families would be protected financially from catastrophic life experiences. And imagine the increase in life insurance sales our companies would see!

The study noted that people who are interested in purchasing life insurance through simplified underwriting are drawn to the speed and ease it offers. Consumers also cited the following benefits of this option:<sup>6</sup>

- **Risk and price transparency (67 percent)**
- **An unbiased application process (66 percent)**
- **No need for a medical exam (64 percent)**

Think back to when automatic teller machines (ATMs) started appearing in banks, shopping centers, and parking lots. Many people declared, “Banking is dead! The era of the bank teller is gone!” But that didn’t happen. If somebody steals your identity, do you go to the ATM? No—you go to the bank and speak with a bank officer. If you need to deposit \$300,000, do you use the ATM? No—you go to the bank and have a trusted banker handle the deposit. And when you inherit half a million dollars, do you go to an ATM? No. You need a private banker to advise you on what to do next. The ATM simply provides a convenient way to get cash or make a small deposit in a hurry.

As our industry responds to radical change by providing unrivaled service to clients in still unknown ways, it doesn’t mean our basic products and services will disappear; it just means we will have discovered convenient new ways to meet their financial needs.

## **As Technology Continues Advancing, Service Will Remain Job One**

Six years ago, at the 2012 Coachella Valley Music and Arts Festival, hip-hop artists Dr. Dre and Snoop Dog created a moving likeness of Tupac Shakur via a computer-generated image, fifteen years after he died as the result of a drive-by shooting. The crowd of 80,000 roared. Tupac’s posthumous performance was dubbed the “Tupac Hologram,” even though the image wasn’t technically a hologram. It was a two-dimensional projection of an image onto an angled piece of glass, reflected back onto the stage. A hologram

is a light-beam-produced, three-dimensional image visible to the naked eye.<sup>7</sup>

But that was six years ago—eons in terms of tech advancement. We have come a long way since then. Someday, maybe I can talk to you in your living room via a hologram. In the future, we might communicate only through holograms or in some other way that we aren't even aware of yet. It is not too far-fetched and not too far in the future.

In fact, a group of researchers at the University of California, Berkeley, is testing the ability to create, edit, and scrub our memories—sensory experiences from our brains, both real-time and stored experiences. They are using computer-generated holography (CGH) to create three-dimensional floating light shapes and then projecting the diffracted light-forms into the brain. This triggers a pattern and rhythm of neural activity that generates specific sensations and perceptions. The holograms can stimulate, edit, and suppress the brain activity associated with actual experiences.<sup>8</sup>

But regardless of how far technology advances, the message in this book will still be relevant twenty years from now. Why? Because it's all about the customer. That will never change. No matter how much the world changes, customer service must always be the apex of everything we do.

## **Lead with Service, Not Price**

We approach a slippery slope when we advertise that we can save people twenty or thirty percent on their auto insurance. The offer will probably prompt a lot of people to call you and check out your products and services, but you don't want to focus on price. You don't want to sell anything other than the opportunity to offer them *the best coverage and the best lifetime partnership at the best cost*—in other words, unrivaled service.

Cost is a factor in a client's decision-making process, but it's not the only one.

Providing the best coverage at the best cost requires that you know a lot about your prospect or client. In the old days, we couldn't do that because we just sat there and waited for consumers to walk into our agencies. To really know you, I would have to spend a couple of hours with you in my office, filling out a book of data that included where you had your policies, what type of coverage you had, and any changes you planned to make in your finances. If I really wanted to be thorough and complete, I'd have you bring your sleeping bag because you would be here all night . . . or forever.

But that's boring. Insurance and financial services just ain't that interesting, and they never will be. Whether the market goes up or down, and whether risk rates go up or down, your clients should always want to work with you because you are cognizant that their time is important. Everybody wants to feel important. And today, with data collection, we can prefill a lot of data fields. If we set up our systems correctly, we can create a pre-snapshot of a client and fill in any details we're missing.

These days consumers can buy a car over the phone or through the internet, and they can look at a car in 3D. There is no reason why the insurance industry can't evolve in a similar manner. Because just about everyone in our industry is using the same technology and algorithms, the platform used for costs is pretty much the same wherever you go.

Every insurance company has what's called a "win rate." If a consumer is comparing prices on personal home or auto insurance and calls five different companies, each of those companies will quote a rate based on its historical data and rate modeling. But they are usually going to be competitive only twenty to thirty

percent of the time. Since they can't be competitive 100 percent of the time, we now have a level playing field for the first time in years. Every company has a sweet spot, but it's usually different for every company.

This isn't only because of losses, per se; it's just that a company can't be competitive in every risk all the time. So the odds are, if I'm competing against another representative for business, I'm going to win business only a certain percentage of the time. If I win thirty percent of the time, then that means I am losing seventy percent of the time. To be more competitive, I need to offer something more than a rate . . . and more than just advice.

Research supports this concept. The 2017 Insurance Barometer Study mentioned earlier, which was conducted by LIMRA and Life Happens, revealed the top three factors consumers list as most important to them when purchasing life insurance:

- **Having a product that is “easy to understand” (mentioned by 83 percent of the survey respondents);**
- **The “ability to chat with a person” (66 percent); and**
- **A “faster sign-up process” (51 percent).**

Another study conducted in 2017, the eleventh annual J.D. Power Insurance Shopping Survey, revealed that communication drives customer satisfaction in auto insurance purchases. The key performance indicators that most affect the purchase experience index are ensuring that the customer completely understands coverage, providing guidance and/or tools for selecting the right coverage, and ensuring that customers understand premium calculations.<sup>9</sup>

Greg Hoeg, vice president of U.S. insurance operations at J.D. Power, said, “To survive this period of price stagnation, insurers

must develop strategies to be able to better differentiate—not just to acquire new customers, but also to acquire customers with desirable risk profiles to maintain profitability.”<sup>10</sup>

## Recognize Four Types of Consumers

I have worked with large consulting companies, served as a subject matter expert on consumer studies, and led initiatives to find out what different customers want from carriers, representatives, brokers, and team members. All this research has revealed to me that there are, in general, four segments of consumers. We can potentially convert all of them into Discussion Partner relationships.

Here is how I describe the four segments of consumers:

1. **Discussion Partners**—These people aren’t necessarily wealthy, but they tend to be educated, and they seek information to learn about whatever they’re purchasing. They stand out from the people in the other three segments because they are engaged in the purchasing process.
2. **Relationship clients**—Currently this is the biggest segment of consumers—the people we have known for a long time. These are clients we grew up with. We went to school with them. We’re in clubs with them. We attend the same church, synagogue, or mosque they do. They hand us their business because of our relationship with them. They don’t want to deal with insurance, and they know that is what we specialize in, so they say, “Just handle it.” The biggest opportunity for carriers, representatives, brokers, and team members today is to monetize this book of business and transition clients to the Discussion Partner arena. This will enable you to distinguish yourself