

**A White Paper by
XDateMarketing.com
– a division of Strategic
Direct Marketing, Inc.
(SDMI)**

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EXECUTIVE SUMMARY

Acquiring new property & casualty policies is always a challenge; acquiring them in a mature market is a significantly greater challenge. If your goal as an insurance industry executive is to build your market share of P&C accounts, you must set a reasonable plan in place to:

- a. Identify your prime prospects
- b. Market to them
- c. Generate a reasonable response
- d. Convert the response into live policies
- e. Cross-sell additional products

If there was a ‘tap’ you could turn to generate steady new business, you’d return to it time and time again. But such a tap doesn’t exist. And in fact, no one marketing effort will ever be the panacea that marketers have sought for years. But in today’s budget-challenged / response-challenged market, it’s important to stay in front of your prospect market.

To quote the Roman poet Ovid (Publius Ovidius Naso, 43 BC – 17 AD), “Let your hook be always cast. In the pool where you least expect it, will be fish.” So how do we cast this hook? Some experts believe it best to put the majority of your budget into statistical models. After all, can’t the experts determine who is most likely to change carriers? Yes, the statisticians can help some in this regard. But at what cost, and with what lift in response?

We can find WHO is likely to change carriers, but can we determine WHEN they are most likely to switch? All the king’s gold cannot answer that question, because the decision to change carriers is based on a combination of OBJECTIVE and SUBJECTIVE data:

- **PRICE** is an objective factor – probably the biggest determinant.
- **REPUTATION** or ‘brand value’ of the company you represent is probably the second biggest determinant. It is largely a subjective factor.
- **AGENT INTANGIBLES** also factor in. Is the agent roughly the same age / gender / background as the customer?
- **CHANGE IN SATISFACTION LEVEL.** Something may have occurred in the household that caused the homeowner to become disillusioned with their current insurance provider, i.e. a traffic accident claim that did not go their way, a rate increase, etc.
- **RANDOM CHOICE.** The random theory states that people sometimes do things for irrational reasons, or that a small change in one area of their life manifests itself in a totally unrelated part of their life.

At SDMI, we believe that our solution to the Property & Casualty market can be the ideal choice for marketing in today’s world. It combines the efficiency of accurate timing prior to the home purchase anniversary, with an inviting and easy-to-understand direct mail letter. We invite you to join our

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many satisfied clients in your pursuit of increased business.

THE MARKET TODAY

Today, perhaps at a point greater than ever before in recent history, price is playing the dominant role in insurance account attrition. Since the advent of the internet, customers no longer need to call other agents or request quotes from a variety of providers. Now, it's as simple as pointing and clicking your way to a better deal.

Brand loyalty has gone the way of the buggy whip. In the old days, if your parents had the family insurance through Brand A, you were a Brand A customer when you started your own family. Today, people will jump ship to save \$5 per year. Today's market-savvy internet surfers know how to shop for the best deals, and they won't hesitate to hold your hand over the fire until you agree to match Brand B's pricing. Or – they will simply switch and not call you at all.

How can this new attitude be harnessed to your benefit? The answer is simple: you must stay in front of the people most likely to switch to your brand. Granted, you must have a price or service advantage, or they will have no reason to switch. But surprisingly, some will switch just because you are a fresh provider to them – someone who ISN'T their current provider. And that's all it can take in some cases.

X-DATE P&C DIRECT MARKETING

The beauty of direct marketing is that it allows you to 'cherry-pick' the people you want to invite to become your customers. You can select on any combination of demographic characteristics such as:

- **Location:** select by Zip Code, county, radius around your branch, etc.
- **Age / Gender / Presence of Children / Marital Status.** You can select any indicators and hone in on the people you want most to reach.
- **Home Value.** We can determine the current appraised market value as posted at the local county courthouse. So even if the family purchased their home in 1986 for \$75,000 – we will know that their home today is worth \$231,493.
- **X-Date.** Of course, the key to getting people to 'flip' their P&C policy is the renewal date. If the customer purchased their home in June, we target them in May and provide a current rate quote with the appropriate deductibles for their area.

WHAT MOST CONSUMERS DON'T KNOW

It's often hard for an agent to think like a consumer, because you have to forget an

awful lot of what you've learned over the years. And one thing that every P&C agent knows – but almost NOBODY on the consumer side knows, is that you can switch carriers at any point. Because the home insurance policy is required and is

awful lot of what you've learned over the years. And one thing that every P&C agent knows – but almost NOBODY on the consumer side knows, is that you can switch carriers at any point. Because the home insurance policy is required and is tied in with the mortgage payment, it's a matter of "out of site / out of mind" for your average consumer. If you polled 100 customers as to who their home insurance provider is, probably 80 to 90 of them wouldn't have a clue. They're paying this carrier year-in and year-out, but do they know if they're getting a good

deal? No. Do they know they could rate-shop their home insurance? No. Do they know that you offer far superior, local service and better rates? No. UNLESS YOU TELL THEM.

HOW DO YOU TELL THEM?

If you had all the time in the world, you could wander down to the county courthouse and check the deeds of prospect in your area. Let's say you found a homeowner who purchased 10 years ago but had not changed carriers in all of that time. You could write that person a letter and say something like, "Dear Bob: I just happened to be going through the

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county records, and guess what? I think you're paying too much money for your home insurance. Can I come by and give you a better quote?" And guess what: Bob might actually read your letter and call you up to say "sure – come on by!"

If this sounds like an episode of "Leave it to Beaver", you're correct. Nobody does that kind of thing anymore. But guess what? It still works. And that's what we try to replicate in every insurance solicitation letter we send.

HOW DO YOU GET THEM TO REPLY?

At SDMI, we use a variety of time-tested, proven techniques to get prospects to open your letter. I won't list them all here, because actions speak louder than words: we want you to test our letters for yourself. Suffice it to say that our letters are short / simple / sweet, and they're written so that actual humans can understand them. It's not that people today are any smarter or dumber than people from years past. It's that we're all so doggone busy today, we don't read mail anymore: we scan it. Today's consumers are the epitome of information processors. We can tell at a glance whether we want to respond to an offer or not. That is, when we actually open the letter. So our job as marketers is to get the letter past the gatekeeper.

Then, it's to get the gatekeeper to get 'the big idea' in 5 seconds or less. How do we do it? We'll be glad to show you.

STARTING POINT: SINGLE AGENT / SMALL OFFICE

We can get you started in the direct mail marketing game for as little as \$125. It's true. Our minimum mailing quantity is 250 letters, and our base price for X-Date marketing letters is \$0.50 – including Standard Class Postage – including mailing list. So you can 'test the waters' for a very low cost.

ADVANCED-LEVEL MARKETING

If you have multiple agents / multiple offers / multiple coverage areas, we offer a web-based agent management tool. This software allows you to make changes to your letters online – all the way up to 5 minutes before we process your file! Imagine the convenience of altering letter copy variables, text blocks, coverage levels and more – without having to call the agency, without having to send multiple emails, etc. We let you do it on the fly, from anywhere that you can access the internet.

What are the big advantages of this? Let's say your office is in Topeka, but you are

at a convention in Vegas when a change is announced. You could panic, get on a plane, or make frantic calls to your ad agency in New York. But if you were a client of SDMI, you could simply log on to the internet from your hotel room, type

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in a few changes on your secure proprietary web site provided by SDMI, and make the changes. Five minutes later, you can call us and tell us to print your letters, and ALL OF THE CHANGES will be resident in the new letters. Sound easy? That's because it IS easy. This optional feature can be set up on your

account for just \$199 – for up to 100 different letter versions or agents.

FIND OUT MORE

Are you ready to take the next step and put your P&C marketing on auto-pilot? Just call us at 1-800-843-8861 ext. 14, and we'll send you samples and counts for your target area. Try our targeted X-date direct mail program today, and see how quickly your business can grow!