Market Update

LIFE INSURANCE

Term rates expected to level off in '08

According to an Insurance Information Institute report, after many years of larger year-to-year reductions, premium rates for 2008 individual term life insurance are expected to drop an average of about 1 percent from 2007. Since 2000, term insurance rates have dropped about 4 percent per year on average, following an average annual 15 percent drop from 1994 through 1999.

PROPERTY INSURANCE

First-half '07 results are in

According to the ISO, the International Organization for Standardization, and Property Casualty Insurers Association of America, the property/casualty insurance industry reported an annualized statutory rate of return on average surplus of 13.1 percent during the first half of 2007, down from 13.5 percent during the first half of 2006. The decline in profitability is attributable to a marginal deterioration in underwriting performance. Nevertheless, the industry is on track to record what could be its seventh-best combined ratio since 1920.

AUTO INSURANCE

Older drivers=higher rates

of fatal crashes

According to the Insurance Institute for Highway Safety, based on miles driven, older drivers, along with younger drivers, have higher rates of fatal crashes than any other group. In May 2007, the governor of Texas signed a bill that prohibits drivers aged 79 or older from renewing their licenses by mail or electronic means. Additionally, when a person aged 85 or older is issued a driver’s license, it will automatically expire on the driver’s second birthday after the license is issued.

Bill, all customers are not created equal

Have you mastered consumer-centric marketing?
Today, after many years of mass production, there seems to be an oversupply of very similar goods and services. And, in a global information-based society, ideas can easily be replicated by competitors; price wars are common and, all too often, counterproductive. Although people's lives today are more turbulent and diversified, the “one size fits all” model is out of date. Individuals now want to be seen and treated as individuals, and many are prepared to pay for this.

In this issue of issentials, we discuss advantages of One-to-One marketing — customer relationship management based on a new paradigm of collaboration. You will also find a feature on cause-related marketing — how to combine your company’s profit center with its passion center. And, finally, you can read about successful e-marketing tactics.

We hope you find this quarterly issue interesting and that you also sign up to receive issentials e-news — our monthly e-mail newsletter for marketing professionals. It features marketing articles, tips, research and the like. Just return the enclosed reply card, e-mail us at salesinfo@whatevertakes.com or call me directly at the number above.

Let’s talk issentials ...

The fact is, insurance marketing requires more than just industry knowledge. It requires insight. It’s essential that you, as well as your agents, understand exactly who your customers are and utilize the most effective communications to keep your company “top of mind” for customers and prospects alike.

Let us show you how our targeted customer marketing programs achieve maximum results through:

- Education and cross-sell/upsell opportunities
- Loyalty rewards programs
- Channel marketing solutions for your agents

Let’s talk and see what we can do for you.
Call me toll-free at:

1.800.736.0145

About the Publisher
Since 1992, Progressive Impressions International (Pii) has worked with Fortune 500 insurance companies to develop marketing tools that support sales representatives to enhance their productivity. Pii has the resources to design, implement and support complete marketing programs configured specifically to meet the needs of the insurance industry. The company specializes in maximizing customer relationships through education, cross-sell/ upsell and channel marketing solutions to enhance the lifetime value of our clients’ customers.

800.883.1156
One Hardman Drive
Bloomington, IL 61701
www.WhateverItTakes.com

2008 Progressive Impressions International. All Rights Reserved.
Bill, get to know your customers

Do you want your organization to stand out from the competition? Then stop playing by the old rules, and reorient your company to manage customer relationships — not just products and services.

Do unto others as they want. Gather all the information you can about your customers, and then use it to treat each one differently — the way they want to be treated — that’s the essence of One-to-One marketing or Customer Relationship Management.

**Here’s how you can start:**

- **Identify and differentiate your customers.** Know and remember each customer individually and link that information across the entire enterprise. To launch a One-to-One initiative, your company must know who its most valuable customers are. Then prioritize your efforts to gain the most advantage from those customers and tailor your company’s behavior to accommodate each one’s individual needs. The simplest definition of One-to-One marketing is treating customers individually.

- **Interact with your customers.** The next step is to improve

*Continued on back page*
E-marketing grants businesses of any size access to the mass market at an affordable price and, unlike TV or print advertising, it allows truly personalized marketing.

The Internet is the fastest-growing marketing medium today — most of your prospects spend more time online than reading a newspaper/magazine, watching TV or other media. So it makes sense to invest in online marketing.

Specific benefits of e-marketing include:

- **Global reach** — a Web site can reach anyone in the world who has Internet access. This allows you to find new markets and compete globally with a relatively small investment.

- **Lower cost** — a properly planned and effectively targeted e-marketing campaign can reach the right customers at a lower cost than traditional marketing methods.

- **Trackable, measurable results** — e-marketing makes it easier to determine campaign effectiveness and provide detailed information about customers’ responses.

- **24-hour marketing** — a Web site gives customers 24-hour access to your products and services.

- **Personalized One-to-One communication** — you can improve response by delivering personalized content based on user profiles. By increasing the relevance of communications, personalization and dynamic content increase customer loyalty and retention. These campaigns are often higher performing than standard “batch and blast” e-mails and may give you better ROI.

**E-mail marketing — success just a click away**

E-mail direct marketing is a fast, easy and inexpensive way to maintain a close connection with your customers. A successful e-mail campaign can be both cost-effective and productive if handled correctly — the proper approach to e-mail starts with an ethical, well-thought-out plan. Here are some tips to make a successful e-mail campaign just a quick click away:
• **Do you have permission?** — You must have a permission-based mailing list — otherwise you may be sending spam, which is against the law. Spam also hurts the reputation of your business. The CAN-SPAM Act provides strict requirements about what you can and cannot do; for more information, visit the Federal Trade Commission Web site at http://www.ftc.gov/bcp/conline/pubs/buspubs/canspam.shtm.

• **Grab them with your “from” and “subject” lines** — Pay particular attention to the “from” and “subject” lines. If a recipient does not know the e-mail sender, they often will delete it immediately. The subject line can be the name of the newsletter or a brief headline that grabs the recipient’s attention.

• **Make it relevant** — Give them what they want. Too many newsletters are all about you, your company, your business or they focus on generic material. Give readers something they can use — for example, provide information that makes them want to do business with you. Remember: Readers want to know what’s in it for them.

• **Make sure your content is error-free** — Your content makes a strong statement about your company. Misspelled words, poor grammar, links that don’t work, all signal a lack of professionalism. Mistakes can be easily avoided with some careful editing.

• **Test first** — Too often marketers learn only by lack of response that their marketing strategy missed the mark. E-mail newsletters are a perfect medium for testing different approaches. Before sending to your entire e-mail list, use a small group to test several subject lines, different content, and a few types of graphics and designs. You can tell how many e-mails were opened and which test group had the most responses.

• **Make your call to action really call** — You can’t get results without a clear and compelling call to action. Do you want the reader to go to your Web site? Print out a page and send or fax it in? Buy something? Whatever you want them to do, make it clear and simple.

**Put your best e-foot forward**

E-marketing solutions allow you and your agents to engage in ongoing dialogue with customers and, in turn, strengthen your brand and increase loyalty. No matter how small or how big your business is, customers and prospects judge you by the quality of your communications. To learn more about how to put your best e-foot forward with powerful e-marketing campaigns that help you and your agents build business, save money, and deliver promotions quickly and effectively, contact us at salesinfo@whateverittakes.com or call 800.736.0145.

---

**make your subject line work**

<table>
<thead>
<tr>
<th><strong>do</strong></th>
<th><strong>don’t</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Limit to 7-10 words (about 50 characters)</td>
<td>• Use capital letters</td>
</tr>
<tr>
<td>• Use strong verbs or emotional words</td>
<td>• Use exclamation points</td>
</tr>
<tr>
<td>• Create urgency</td>
<td>• Use spam triggers such as FREE, SAVINGS, SIGN UP, SAVE, etc.</td>
</tr>
<tr>
<td>• Answer “What’s in it for me?”</td>
<td>&gt; you probably wouldn’t open this:</td>
</tr>
<tr>
<td>• Draft several versions</td>
<td><strong>MAKE $75,000 EVERY WEEK GUARANTEED!</strong></td>
</tr>
</tbody>
</table>

> you might open this:

IMC shows affiliates successful sales strategy

---

**readers want to know what’s in it for them.**
Bill, get to know your customers. They want to know you!

Do you want your organization to stand out from the competition? Then stop playing by the old rules, and reorient your company to manage customer relationships — not just products and services.

Do unto others as they want.

Gather all the information you can about your customers, and then use it to treat each one differently — the way they want to be treated — that’s the essence of One-to-One marketing or Customer Relationship Management.

Here’s how you can start:

• Identify and differentiate your customers. Know and remember each customer individually and link that information across the entire enterprise. To launch a One-to-One initiative, your company must know who its most valuable customers are. Then prioritize your efforts to gain the most advantage from those customers and tailor your company’s behavior to accommodate each one’s individual needs. The simplest definition of One-to-One marketing is treating customers individually.

• Interact with your customers. The next step is to improve

According to the Foundation Center, the nation’s leading authority on philanthropy, cause-related marketing is defined as the public association of a for-profit company with a nonprofit organization. The association or partnership is intended to promote the company’s product or service and to raise money for the nonprofit.
cause-related marketing differs from corporate giving or philanthropy as the latter generally involves a specific donation that is tax-deductible, while cause marketing is a marketing relationship generally not based on a donation.

The phrase “cause-related marketing” was first used by American Express in 1983 to describe its campaign to raise money for the restoration of the Statue of Liberty. Every time someone used its charge card, American Express made a 1-cent donation to the Statue of Liberty restoration fund. The result: The number of new cardholders soon grew by 45 percent and card usage increased by 28 percent.

The seven faces of cause-related marketing

Today, seven types of cause-related arrangements are most common:

1. Advertising. A business aligns itself with a particular cause and develops ads to communicate the cause’s message.
2. Public relations. A business calls attention to a strategic partnership between itself and a nonprofit group.
3. Sponsorship. A business helps fund a particular program or event.
4. Licensing. A business pays to use a charity logo on its products or services.
5. Direct marketing. A business and a nonprofit raise funds and promote brand awareness.
6. Facilitated giving. A business facilitates customer donations to a charity. For example, consider the ongoing effort by Ameren, an Illinois energy supplier. In their monthly statements, customers receive a plea for donations to Ameren’s “Warm Neighbor” program, a fund established to help Ameren customers who are unable to pay their utility bills and/or weatherize their homes. Although Ameren contributes an unspecified amount, the program relies on the generosity of Ameren customers. Obscured — perhaps deliberately — is the fact that customers are helping other customers settle their debts to Ameren. Other utility companies use the same strategy.

7. Purchase triggered donations. This is the most widely used cause-related marketing practice. A company pledges to contribute a percentage or set amount of a product’s price to a charitable cause or organization. The American Express campaign to restore the Statue of Liberty, mentioned previously, is credited as the blueprint.

As technology goes, so goes cause-related marketing

As new technologies emerge, cause marketing efforts follow. One example is the “giving malls” that have sprung up on the Internet. In 1997, iGive.com started to offer customers the opportunity to shop at over 400 affiliated merchants and to direct a percentage of every purchase — typically 3 percent — to more than 18,000 nonprofit organizations. The opportunity to be associated with a good cause appealed to retail giants such as Amazon.com, L.L.Bean, Barnes & Noble, Office Max, eBay and Dell. During its first decade, iGive.com has helped distribute nearly $2 million to charitable causes.

A cornerstone of your marketing plan

With activities that highlight your company’s reputation within your target market, cause-related marketing can give you a powerful marketing edge. It can positively differentiate your company from your competitors and deliver other tangible benefits, including:

- Increased sales
- Increased visibility
- Increased brand awareness
- Increased customer loyalty
- Enhanced company image
- Positive media coverage

Your profit center and your passion center

If you choose a cause you are passionate about, cause-related marketing can make good business sense and be emotionally satisfying. It’s a way to merge your profit center with your “passion center” and build a business that reflects your integrity, personal values and beliefs. Today, many consumers would rather do business with a company that stands for something beyond profits. If your cause also resonates with your target market, your activities will generate tremendous goodwill.

Homeowners’ Defense Act of 2007

In November 2007, the House of Representatives passed H.R. 3355 — the Homeowners’ Defense Act of 2007 — designed to address the growing problem of natural disasters. The bill contains two programs intended to help prevent potential insolvencies and to make the private insurance market more stable, ultimately making catastrophe insurance more available before and after a major disaster.

Wildfire losses mount

On October 21, 2007, wildfires broke out across Southern California, damaging thousands of homes and causing widespread evacuations. As of November 1, insured losses were expected to exceed $1.5 billion, according to early estimates by Risk Management Solutions (RMS). The fires are likely to rank among the most damaging wildfires, in 2007 dollars, since 1970.

State’s largest insurer: the insurer of last resort

In Florida, Citizens Property Insurance Corporation, the insurer of last resort, has become the state’s largest insurer, and more people are expected to switch to the state pool. As of August 2007, it had almost 1.4 million policies in force and an exposure to loss of $306 billion. Policyholders can now move to Citizens if the premium for their current homeowners policy premium is 15 percent or more than the premium for a Citizens’ policy.

H.R. 3926 — the Safe Building Codes Act

In November 2007, a bipartisan bill was introduced in Congress — the Safe Building Codes Act (H.R. 3926). If passed into law, the legislation would reward states that took steps to enact and enforce strong building codes. The legislation would offer financial incentives, including eligibility for more federal disaster aid, to states that took such preventive measures.
both the cost-efficiency and the effectiveness of your interactions with customers.

Automate the routine interactions, driving them into cost-efficient channels; push call center interactions toward your Web site; and redirect personal sales calls to the call center.

Benefits of getting the right message to the right person at the right time

Higher profits:
• delivers economies of scope rather than scale
• concentrates on most profitable customers — top 10 or 20 percent
• makes comparative shopping difficult because only your products are tailored to meet your customer’s particular needs
• shifts the focus from price to benefits
• aims for lifetime share of customer rather than a share in an often static and crowded market

Lower costs:
• retaining profitable customers costs less than acquiring new customers
• products and services can be more accurately targeted — right specifications at the right time in the right way

• Customize production or service delivery. To practice true One-to-One marketing and lock in your customer’s loyalty, the service-delivery end of your business has to be able to treat every customer individually based on what that customer said during an interaction with the sales or marketing arm of your company. For example, a particular customer may receive specific product collateral based on a previously stated preference.

To practice One-to-One marketing, Pii must be willing to change the way it interacts with an individual customer based on what you know about that customer and on what that customer tells you. As a result, the customer will see a clear benefit — convenience, faster service, more suitable products, etc. — from having “taught” you, your company and/or your agents, how he or she wants to be treated. To get an equivalent product or service somewhere else, the customer would have to “reteach” the competitor. It’s in the customer’s own interest to remain loyal.