

Spring 2007 Edition

*i*ssentials

Insurance marketing expertise with the right perspective, experience and technology



Pushing
the right **buttons**

Puzzled about marketing technology?
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Computer technology is changing the way we communicate with each other and making increasing levels of personalization possible in all our marketing communications with customers and prospects. We can now know more about customers than ever before, and we can use that knowledge to make our marketing more relevant and timely for individual customers.

In this issue, we discuss how surveys can be a powerful and affordable tool for getting the information marketers need to design sound strategies for reaching customers and prospects. You'll also find an article on using high-tech marketing tools to make your messages more personal. Finally, in the third of our four-part series on the customer lifecycle, we focus on retention strategies for keeping your best customers and continuing to grow customer profitability.

Finally, we're excited to offer our latest marketing white paper, *"The Marketing Technology Puzzle: Putting the right pieces in place to automate multichannel customer communications."* To get your copy, return the enclosed reply card, e-mail salesinfo@whateverttakes.com or call me directly.

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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.

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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

Surveys: Your information power tool

If knowledge is power, then a survey is a marketer's power tool. Knowledge gained from a well-designed survey can reduce the risks in new product introductions, provide customer insights and segment markets for more targeted communications. But like all power tools, surveys must be handled with care. Your marketing strategy is only as good as your information.

A poorly designed survey can result in inaccurate, misleading information and misguided marketing strategies that, at best, waste your resources and, in the worst case, alienate customers and prospects.

To ensure effectiveness of your survey, you must have well-defined objectives, sound questionnaire development, and a plan for communicating results and taking action based on the insights gained.

Define survey objectives

Before you conduct your survey, you should outline the problems you hope to solve and how the survey results will be used. Without clear objectives, irrelevant "nice-to-know" questions could make your survey questionnaire too long, which raises costs, reduces response and makes results more difficult to analyze. Generally, your survey questionnaire should take 15 minutes or less to complete. To limit questionnaire length, eliminate any question which does not relate directly to your objectives.

Word questions clearly

According to Dr. Adina Wasserman, Market Research Manager, the most frequent mistakes in survey design involve the wording of questions. "You have to be sure that each question addresses only one issue. A question such as 'Do you like receiving a newsletter and e-mail communications?'" should be two questions. Survey questions should also

be unambiguous. If your question can be interpreted in more than one way, it needs to be reworded." Testing the questionnaire before the survey is conducted is crucial to getting reliable information, Dr. Wasserman adds. "If testing with a focus group is too costly, you should at least test your questions informally by getting feedback from several people not involved with survey design."

Get results you can act on

Surveys aren't conducted to produce big, impressive reports. They are meant to provide information to guide decisions

and strategies. But some surveys provide only superficial insights. For example, results that reveal a problem with customer communication may not show whether customers are unhappy with the quality of your communications or the timeliness of delivery. To pinpoint specific problems and opportunities, Dr. Wasserman developed the Relationship Dimension Study that measures multiple facets of six key dimensions in customer relationships for more precise results you can act on.

To be sure your survey results are put into action, clearly communicate key points to management and staff. Then design marketing strategies to give your customers and prospects what they've told you they want.

For more information about the Relationship Dimension Survey, contact us at salesinfo@whateverittakes.com or call **800.736.0145**.

Your marketing strategy is only as good as your information.



Technology gives marketing the **personal touch**

The future depicted in science fiction is often a place where computer-controlled societies discourage individualism and personal identity. But actually, computer technology is allowing ever-increasing levels of personalized, targeted marketing that helps companies speak to customers and prospects as individuals and reach them with the right offer at the time they are most likely to buy.



For customer acquisition, the use of targeted, personalized messages is powerful and cost-effective because your resources are concentrated on prospects that are likely to need or want your products or services. Marketing messages to existing customers can be even more precisely targeted because you have much more information available. When you remember their preferences, purchase habits and personal information, customers appreciate it — and they reward you with their loyalty.

Get personal with e-mail

Today's online technology not only makes personalization possible, it also makes it easier and more affordable. E-newsletters and e-mail offers can deliver customized content and offers to individual customers based on lifestyle and interest profiles created by the customers themselves. E-mail promotions can also be triggered by individual customer actions or events. For example, policy anniversaries or the introduction of a new product that fits a customer's profile could trigger a special e-mail offer.

Go digital for personalized print

Digital printing technology has made it possible to personalize direct mail,

Personalized printing improves customer response by 47.6%.

Source: Cap Ventures Personalization Study

newsletters and other print communications to the point of marketing one-to-one to prospects and customers. It's now possible to produce thousands of printed pieces, each with different copy and images, for completely personalized communications to each customer or prospect.

In addition, today's print-on-demand technology makes more efficient use of your marketing resources by reducing out-of-date document waste and the need for costly storage and inventory control of marketing materials.

Free up agents' time for more personal contacts

In spite of the trend toward online commerce, many consumers still prefer to purchase insurance from an agent they

know and trust. By making administrative and marketing tasks easier, tools for online rating, lead generation and quoting save agents time they can use to make personal, face-to-face contacts with customers and prospects.

Learn more about how technology can make your marketing more relevant, more timely and more personal for customers. For a copy of our latest white paper, "*The Marketing Technology Puzzle: Putting the right pieces in place to automate multichannel customer communications*," contact **Progressive Impressions International**. Return the enclosed business reply card, visit www.essentialnews.com/pii or call **800.736.0145**.



Make it easy for agents to stay in touch

Automate marketing for brand consistency and efficiency

Another way technology is making personalization more cost-effective is with marketing automation. **Conductor**, offered by **Progressive Impressions International**, is a Web-based technology that combines online ordering with print-on-demand and variable data digital printing for personalization.

With **Conductor**, corporate headquarters can maintain brand consistency and curb rogue marketing while giving agents the power to manage their own communications. Agents order personalized materials from the Web site as needed to make it easier to connect with customers and prospects for building long-term, profitable relationships.

For more information on **Conductor**, e-mail salesinfo@whateverittakes.com or call **800.736.0145**.

Third in a four-part series

Keeping customers happy and profitable



Retention — Building on a strong foundation

In the last two issues, we focused on bonding with new customers and using customer information to grow customer value. This issue discusses retention strategies for keeping your best customers and continuing to increase the profitability of those relationships.

Show customers you're still the right choice

Continued communication and engagement with customers is very important for reinforcing the customer's choice of your company, your products and your agent. Communication makes customers feel informed, involved and appreciated. They like hearing from their insurance agent, so to be most effective, messages should be sent from the local office, not from corporate headquarters.

Newsletters, both print and e-newsletters, are especially effective for keeping customers feeling involved and appreciated. In one case, a major national carrier produces about 1.2 quarterly

Continued on next page

It's a well-known and often-quoted marketing tenet: It costs five times more to acquire a new customer than it does to retain an existing customer. These high acquisition costs mean that sales to new customers are not as profitable as renewals from existing customers. Existing customers become more profitable each year they renew, even if they never buy additional policies or additional coverage. Obviously keeping the customers you already have is a cost-effective strategy.

Beyond simply keeping customers, the best potential rewards lie in developing and managing customer relationships for long-term growth and profitability. Customer Relationship Management (CRM) — both the software and the strategy — is designed to help maximize profitability by using the information you have about customers to make your marketing messages more compelling and relevant to customers at every stage of the customer lifecycle.

Those stages are:

- Bonding, helping customers establish profitable habits and setting expectations for the relationship
- Growth, using data collected about the customer to cross-sell and upsell
- Retention, reinforcing the customer's choice and defining the value of the relationship
- Reconciliation, saving at-risk customers and winning back those who have left

newsletters that agents can order with customized local photos and information. Here are some of the results achieved:

- Nine to 15 percent of customers contacted their agent after receiving a newsletter
- Customer retention rates increased an average of 2 to 6 percent among agents who sent newsletters

Other communications from the agent can include thank-you or seasonal greeting cards, annual policy review appointment requests and cross-sell offers, which at this stage of the relationship can be even more precisely targeted.

Make breaking up hard to do

Making it easier for customers to stay makes it harder for them to leave. Automating bill payments and other interactions, holding trusted personal and financial information, and offering products as bundles with integrated statements are all ways to make it more difficult for customers to switch insurance companies.

Know more about customers to sell more to them and keep them longer

Retention rates increase with each additional purchase. Customers who own two or more policies are much less likely to defect. This is partly because more effort is required to switch more than one policy, but also because

customers who have multiple policies have a relationship with their agent and may be reluctant to “start over” with someone else.

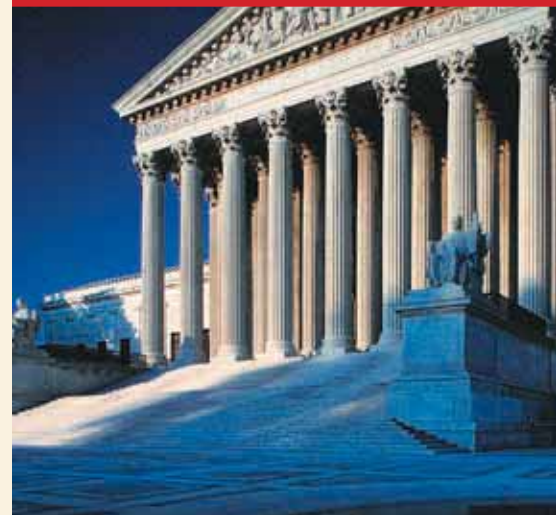
To sell more to customers at this stage of the relationship lifecycle, use the vast amount of information you have available, such as personal and demographic data plus transactional and customer service histories, to craft offers that are relevant and timely for each customer. Sophisticated data mining techniques can analyze customer information to detect patterns and predict customer behaviors. The insights provided can help identify your best sales opportunities and provide concrete direction for strategies for increasing customer loyalty and profitability.

In the final installment of our series on the customer lifecycle coming in the next issue of *i*ssentials, we'll focus on reconciliation, discussing strategies for identifying and repairing relationships with “at-risk” customers, as well as “win-back” solutions for those who defect.

Progressive Impressions International provides customer communications expertise with the latest technology to provide marketing solutions for every stage of the customer lifecycle. For more information, please contact salesinfo@whateverittakes.com or call **800.736.0145**.

Reducing customer attrition by just 5 percent could boost your company's profits by 25 percent or more.

Source: *Harvard Business Review*



Supreme Court urged to overturn ruling on credit scoring

The Property Casualty Insurers Association of America (PCI) has asked the Supreme Court to overturn the 9th Circuit Court of Appeals ruling that two insurance companies did not meet Fair Credit Reporting Act (FCRA) requirements for issuing adverse action notices when credit information resulted in a consumer paying higher rates. The PCI brief states the 9th Circuit ruling expands the requirements of adverse action notice beyond those of the FCRA.

Florida rewards three insurance fraud fighters

The Florida Department of Financial Services awarded \$2,500 to three citizens who provided information leading to the arrests of four individuals for insurance fraud totaling more than \$35,000. One fraud fighter exposed a fraudulent stolen property report, another provided information on fraudulent receipt of health insurance benefits and the third exposed a fraudulent workers' compensation claim.

Higher 2007 tax-deductible limits announced for long-term care insurance (LTCI)

Encouraging Americans to prepare for the possible need for long-term care, the Internal Revenue Service has announced tax-deductible limits for long-term care insurance premiums on policies purchased in 2007 that are 3.5 percent to 4.2 percent higher than 2006 limits for tax-qualified long-term care coverage. In addition, many states offer tax incentives to those purchasing long-term care protection.

LIFE INSURANCE



Global expansion a trend for life insurers

The results of a recent study of life insurers by Electronic Data Services (EDS) shows a growing trend for global expansion. Increased demand for life insurance and investment products has been created as the world's population ages and increasing life expectancy requires retirees to generate and sustain income longer. In addition, extensive deregulation of financial services has helped facilitate a new global insurance market. These demographic and regulatory trends are occurring at a time when computer technology has made reaching new customer groups across the globe faster and less expensive for insurance companies.

PROPERTY INSURANCE



Web site addresses global warming impact on insurers

The National Association of Mutual Insurance Companies (NAMIC) has launched a new Web site, www.climateandinsurance.org, to give the insurance industry a forum for addressing the growing concerns about global warming and its impact on the industry. The site will feature information about how the insurers are dealing with climate change, as well as how still-developing public policy on the issue affects the industry. NAMIC will not take a position on the controversy of whether global warming is the cause of natural disaster, but will instead promote public policy to reduce the vulnerability of insured property.

AUTO INSURANCE



Thirteen vehicles pass tougher Insurance Institute Crash Tests

Four cars, seven SUVs and two minivans passed new tougher crash tests to earn the 2007 Top Safety Pick awards from the Insurance Institute for Highway Safety. The new criteria required vehicles earn a "good" rating in front, side and rear crashes, plus offer electronic stability control (ESC) to win the award. No compact cars passed the test because ESC is not available on compacts. Last year, vehicles could win with an "acceptable" rating on the rear test and ESC was not required. For a complete list of winners, visit the Institute's Web site at www.iihs.org/news/rss/pr112106.html.

Do you have the right pieces in place to solve the marketing technology puzzle?

Be one of the first 50 executives to respond and you'll receive our latest white paper, "The Marketing Technology Puzzle: Putting the right pieces in place to automate multichannel customer communications."

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