

# Lead with workers' comp on consultative sales

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Insurance agents are always being told to be more consultative and less transactional and commoditized in their sales process. It makes sense; not only is a consultative approach more effective, it's also more intellectually and emotionally rewarding for the agent. So why do so many agents struggle to transform themselves and adopt a consultative process?

A consultative approach is synonymous with an agent's ability to deploy distinctive capabilities that will help clients improve their business outcomes. It is one thing to say, "Be more consultative." It is quite another to develop the skills and abilities to execute and deliver processes that really improve a client's business.

One of the most powerful ways to move toward a consultative approach is to become a specialist in workers' compensation programs. Leading with workers' compensation may be counter-intuitive to many agents--comp is considered one of the most commoditized in the insurance world. Nothing could be further from the truth.

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Workers' compensation insurance is more complex than most agents and clients realize. It offers the agent the opportunity to demonstrate capabilities unmatched by competitors, especially those whose only method is to "get the lowest bid."

With workers' compensation, the policy with lowest bid often becomes the program with the highest cost.

Let's assume that a business owner selected an agent and workers' compensation policy with the lowest premium. However, upon closer examination, the following issues came up:

- The payroll classifications were incorrect or errors occurred during the premium audit, causing the employer to pay thousands of dollars more than necessary;
- The experience modification was higher than it should have been, causing the employer to pay additional unnecessary costs. The employer's experience modification factor was above 1.00, which prohibited the company from bidding on jobs or contracts. The high experience mod factor cost the company significant revenue opportunities;
- Injuries were mismanaged, delaying the injured employee's recovery, or the employee never returned to work, causing the employer to spend more money finding and training a replacement;

- The employer's business operations expanded into exposures not covered by the policy and a claim was denied;
- The workers' compensation program was not coordinated with the group health program, and an injured employee, and possibly her family, lost her group health coverage without knowing it. A subsequent denied claim created litigation against the employer.

The conditions and issues listed above are common, and all or some can occur with virtually every business client. How does getting the "lowest bid" alleviate these unnecessary and potentially catastrophic costs to employers?

No agent wants to hear that the client can no longer work for the largest general contractor, municipality or owner because the entity requires vendors to have experience modification factors below a 1.00. There is not likely any other type of insurance where loss experience can prevent the employer from even bidding on jobs and contracts. How will you feel about getting that "best price" when the employer can't bid on contracts and you could have done something to protect the employer's future revenue stream?

Let's assume an agent has developed the skills and processes to intervene and eliminate or improve these circumstances. In addition, the agent has the ability to help the employer recognize that focusing only on the lowest premium threatens the business. Now the foundation for establishing an authentic consultative relationship is in place, and the agent can honestly represent himself or herself as a consultant who assists in improving employer outcomes.

Another thing about workers' compensation is that it is emotional. If employers have experienced even a modest amount of injuries, they are usually frustrated and pained. Neuroscience has proven that decisions to change are driven by emotion and supported by logic. Tapping into the employer's emotion and frustration and building a vision of reduced frustrations and pain will enhance the opportunities to build new business relationships.

Leading with workers' compensation is not the only way to demonstrate unique capabilities in a consultative manner. When considering alternatives, ask yourself the following questions:

What is the cost to develop the capabilities in time and money?

Do your competitors already proclaim to have such capabilities?

Will your capabilities address the employer's emotional drivers of change behavior?

Can you quantify your value and demonstrate how, without these capabilities, the employer's business is at risk for greater costs and loss?

The purpose of any organization is to do things. Any agency can place policies with strong insurance companies. Many can also do other things, such as provide coverage analysis and loss control services. But few can effectively differentiate with unique capabilities that are not common to their competitors. Developing specialized skills in workers' compensation is a cost effective, efficient and emotionally driven way for agents to get away from "bid and quote" and become genuinely consultative.

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