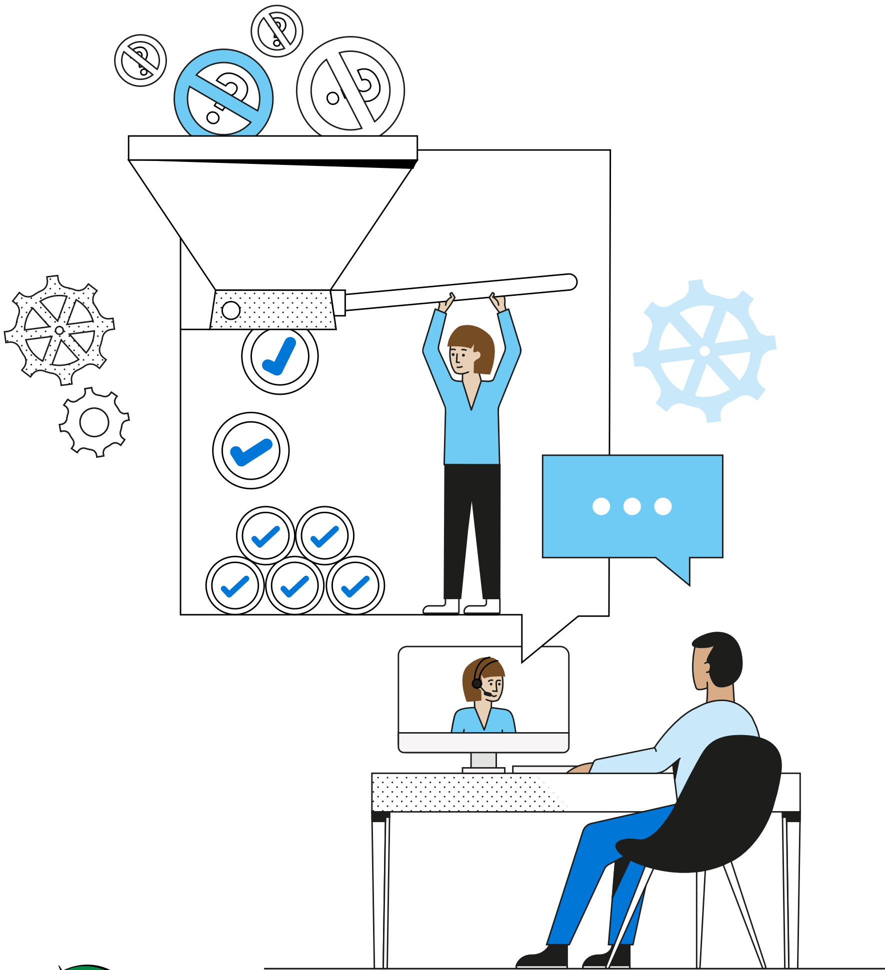
How to reduce cancelled policies

A Distribution Quality Management Programme learning



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On average, 10% of adviser-sold policies will be cancelled before we receive a payment. This is known as cancelled from outset.

Reasons for policies being cancelled from outset:

Client changes mind

They may not have engaged with the product, or misunderstood the importance of it

Mistakes on application

This causes the policy to redraw and potentially lose the sale altogether

Found a cheaper policy

Client may have gone through another adviser or a price comparison website for a cheaper deal

> To reduce cancelled from outset policies, you need to act as soon as the policy goes on-risk. It's important that you have a prevention strategy so you can keep hold of your clients' business and save valuable commission.

Make the call – our 7-point checklist

Reduce cancelled from outset policies by calling your clients, ideally within 48 hours of the policy going on-risk. Take this opportunity to reconfirm details and share the following important information with your client:

1. **Why**
   Remind your client of the importance of buying the cover
2. **Cost**
   Explain how much the premiums are and what they're for
3. **When**
   Confirm that we'll collect the first premium within 14–21 days
4. **Bank details**
   Check your client's sort code and account number again
5. **Regular payments**
   Check their preferred date to pay the Direct Debit from the second collection onwards
6. **Confirmation**
   Advise that written details will arrive in the post and client can contact you with any queries
7. **Change of mind**
   Tell your client cancellation details will arrive seven days after the policy starts

How to reduce lapses and increase retention

Effective client management can have a positive impact on client relationships and business performance. It's also a crucial factor when it comes to retention and avoiding lapses.

Why lapses happen

- Little to no client contact from adviser
- Client expectations not managed from point of sale
- Adviser undersold the need for protection
- Client perception of product has changed
- Client finds cheaper cover elsewhere
- Pressures from competitors, such as clients' bank or mortgage company
- Change in client circumstances

4 ways you can reduce client lapses

1. **Develop a structured contact strategy**
Keep in touch from first contact and for the lifetime of the policy to remind clients of the reasons for their purchase. Being in regular contact has a significant effect on your client relationships and opens the conversation to what else you can offer.

2. **Give clear explanations**
Explain the key points of what happens after the policy goes on risk. This gives the client the opportunity to ask questions or discuss concerns, which you can answer and offer reassurance on.

3. **Reward client loyalty**
There are lots of ways you could give back to clients for their loyalty, for instance, a small gift or a discount for the next time they use your services.

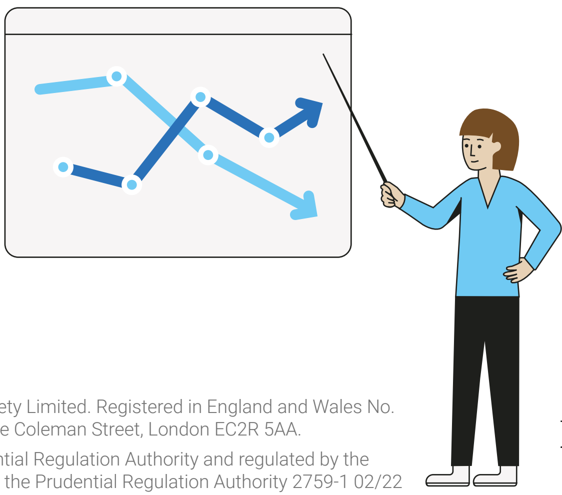
4. **Set up lapse notifications**
Ensure lapse notifications are turned on in Online Protection Connect (OLP Connect). You'll quickly receive information about a missed payment so you can contact your client to discuss and reassure.

Connect to your clients

With OLP Connect

- Receive emails when new policies are at risk
- Emails about at-risk policies are sent up to 3 times per week
- Access our customer communications archive on the Existing Business Agency Hub (EBAH) for 12 months
- Access your clients' policy information on EBAH 24/7

Update lapse notification preferences



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