



Make insurance a permanent 'aisle' in your branches

By Jeffrey Chesky

Strategies for selling insurance to credit union members are undergoing a radical transformation. Regulatory reforms are limiting or eliminating traditional sources of fee income, and that's placing additional pressure on income sources like insurance sales to fill the gap and help with recapitalization efforts. Some credit unions are taking a hard look at insurance as a critical fee-income generator, reengineering their processes for selling insurance to members. Credit union executives won't be able to avoid comprehensive insurance product sales much longer.

Today, a credit union's insurance programs are often treated as a redheaded stepchild to its core businesses of deposit gathering, loan-making and investment advisory services. A credit union may have an AD&D mail campaign, GAP insurance, even term life. Some credit unions think the best strategy for generating more income from insurance is to squeeze better margins out of their current partners. Although adding a little to the bottom line, that strategy is short sighted. The nation's leading credit unions are drastically expanding the insurance products they offer to members — creating a one-stop shopping experience for all of their members' insurance needs.

With current sources of fee income increasingly constrained, pressure on net interest margins proving relentless and competitive incursions into your membership a daily challenge, it's no longer a matter of *if* your credit union will provide a comprehensive insurance agency solution for your members but *when*.

What credit unions must do today?

A credit union can avoid wasting critical time and scarce capital by deploying two key management tools *now* that will reap great rewards once comprehensive insurance sales become a priority for credit union management.

■ **First, the credit union's senior management team must start asking for reports every month detailing how many members are buying any kind of insurance from the credit union's current insurance offerings.**

Don't focus on the numbers of policies, or the revenue, but simply how many members are insurance buyers. Ask the question, get a simple graph plotting member penetration — and expect that the number of members buying insurance from the credit union to go up every month. If it isn't, fix that problem now.

It's no longer a matter of if credit unions will provide a comprehensive insurance agency solution for members, but when.

Eventually, your credit union will decide to sell auto and home insurance to your members. One hundred percent of your members buy these products from someone every year, so once your credit union gets in the business, it will have a simple reporting model showing how many members are buying insurance from you. The management team will then be comfortable discussing member penetration rates and penetration goals. Set penetration goals monthly — and measure results against those goals.

■ **Second, your credit union should start asking members to provide the dates for when their auto, home and business policies renew. We call these 'X' or expiration dates.**

You should collect insurance policy renewal dates from new members and conduct campaigns to collect them from current members. If you have a CPI program, tell your vendor that you want a list of all member policy expiration dates on file sent quarterly, and update your CIF accordingly. Some credit unions are raffling off gas cards or Blu-Ray players to members to encourage them to provide their insurance policy expiration dates. Policy expiration dates will be worth an average of \$125 in annual-recurring fee income once a member decides to buy his auto and home insurance from you.

Remember, all of your credit union members are buying insurance from someone every year. If the credit union knows when they are going to buy, it can extend an offer for a free quote at exactly the same time that a member's insurance renewal notice arrives in the mail. And if the credit union's brand is strong, the results will be dramatic. Credit unions should collect expiration date information now and store it in a data field. When it decides that it can no longer pass up the annuitizing income stream an insurance agency provides, it will be well ahead of the game. 🌟

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