

Commercial Lines Agent Toolkit

How to navigate challenging customer conversations this year

When your customers see rising insurance rates, they turn to you to help them understand why. Preparing for these challenging conversations can help you ensure your customers remain protected while reinforcing your value as their independent insurance agent.

These common questions and answers offer ways to navigate their questions with confidence and help you help your customers understand the latest insurance landscape.

Q: I didn't have a claim, why did my premium go up?

A: Historic inflation, higher settlement and jury awards, and rising healthcare costs, combined with an increase in recent catastrophic weather events, have made claims more costly to resolve across the insurance industry. Unfortunately, it's not possible to predict which account will have a claim, or when, so in an effort to keep insurance accessible and meet customers' coverage needs, many customers will see their premiums increase.

Q: Why do I have a higher deductible?

A: Higher deductibles are becoming more common. Increasing your deductible can help keep premiums more consistent as loss costs continue to increase. In addition, you will only pay your deductible in the event of a claim. We also offer some programs through your insurance company such as water sensors, telematics for fleet safety and other services to help prevent losses that would trigger your deductible from occurring.

Q: This is the second year in a row my premium has increased. This new premium is higher than I expected. Is there anything I can do?

A: I understand it's difficult to see year over year premium increases. Unfortunately, inflation has impacted just about everything, including insurance, leading to higher loss costs. To help continue to offer the coverage you need for your business and keep insurance accessible, the premium has increased again this year. Our agency takes pride in finding the best insurance program for your business, in terms of coverage, pricing and services. We strongly believe that this is the best overall fit for your insurance needs.

Q: Does the age of my building have an impact on my premium?

A: There are many factors that go into premium—and yes, the age of your building is one of them. Additional factors include other account characteristics, standard rate increases and considerations for inflation. Older buildings may have different risks associated with them, which is why it's important for us to know if there have been any recent renovations to the building. This may affect your premium as renovations could improve the safety and security of the building.

Q: My umbrella premium is higher than expected. Why?

A: You likely saw an increase in your umbrella premium this year due to increased loss costs across both the auto and liability lines of business. Often, we see claims exceed the underlying policy limits and then need to tap into the umbrella limits, so we need to adjust premiums based on this.

Q: Why do I have a separate wind/hail deductible?

A: Wind and hailstorms can cause significant damage to a building. Depending on the severity of the storm, the costs of repairing or replacing these damages can quickly add up. Unlike a standard deductible, which applies to all types of claims, a wind/hail deductible is applied only when wind or hail damage occurs. With weather patterns changing and weather catastrophes on the rise, wind/hail deductibles in certain geographies, such as ours, have become more common. It helps balance and contain the costs of claims and keeps property coverage as affordable as possible. Remember, this will only be an increased cost to you if you experience a loss caused by wind or hail—otherwise your existing deductible would apply.

Q: What is a water damage deductible?

A: In recent years, water damage claims have become more prevalent for businesses. Many insurance programs now encourage businesses to elect a higher water damage deductible that would go into effect in the event of a water damage loss.

However, if you have an active water sensor installed at your location, you may qualify for your standard deductible rather than the higher water damage deductible if faced with a claim. For example, say an office is closed for the weekend or over a holiday and the pipes freeze. With a water sensor in place, a facilities manager or the owner can be notified in real time to mitigate the damage. That's why installing a water sensor eliminates your need for the higher water damage deductible.

Water sensors are available through many retailers, as well as through your insurer for a discounted rate.

5 tips to help overcome objections

1. Build your talk track to explain the changes and market dynamics based on your customer's risk profile.
2. Help your customer understand that with higher claims costs, sacrificing coverage or service to save a few dollars may be detrimental.
3. Ask about changes that may have occurred in the past year to ensure all coverages are up to date. With recent inflation, be sure to consider insurance to value.
4. Share risk management best practices and offerings to showcase value beyond coverage. Think water sensors for property or telematics for auto fleets.
5. Review any open risk management recommendations that may help with their premium if implemented. Customers' risk management recommendations are available in My Hanover Policy.

Hear how responses to these questions could sound in a real customer conversation on [hanover.com](https://www.hanover.com).

