

FIRST INSURANCE FUNDING OF CANADA

Dollars and Sense Payments as part of your service solution

PART 1 OF A FOUR-PART SERIES



By Stuart Bruce

As the insurance market continues to evolve and new entrants come into the marketplace, one thing Canadian commercial clients don't lack is choice. They have many options as to who to buy their insurance from and how to purchase it.

Customer service plays an integral part of not only their decision-making process, but also how clients feel about your brand. There is no shortage of opportunities to reinforce your brand promise via the payment process with clients. Many brokers pay particular attention along the path to completing a purchase by ensuring service standards are met, but then pass that relationship over when the bill comes due. An often-overlooked customer service opportunity is during that critical moment. Providing convenience and options enhances the perception that your company is responsive to needs, innovative and easy to do business with.

Pay in full

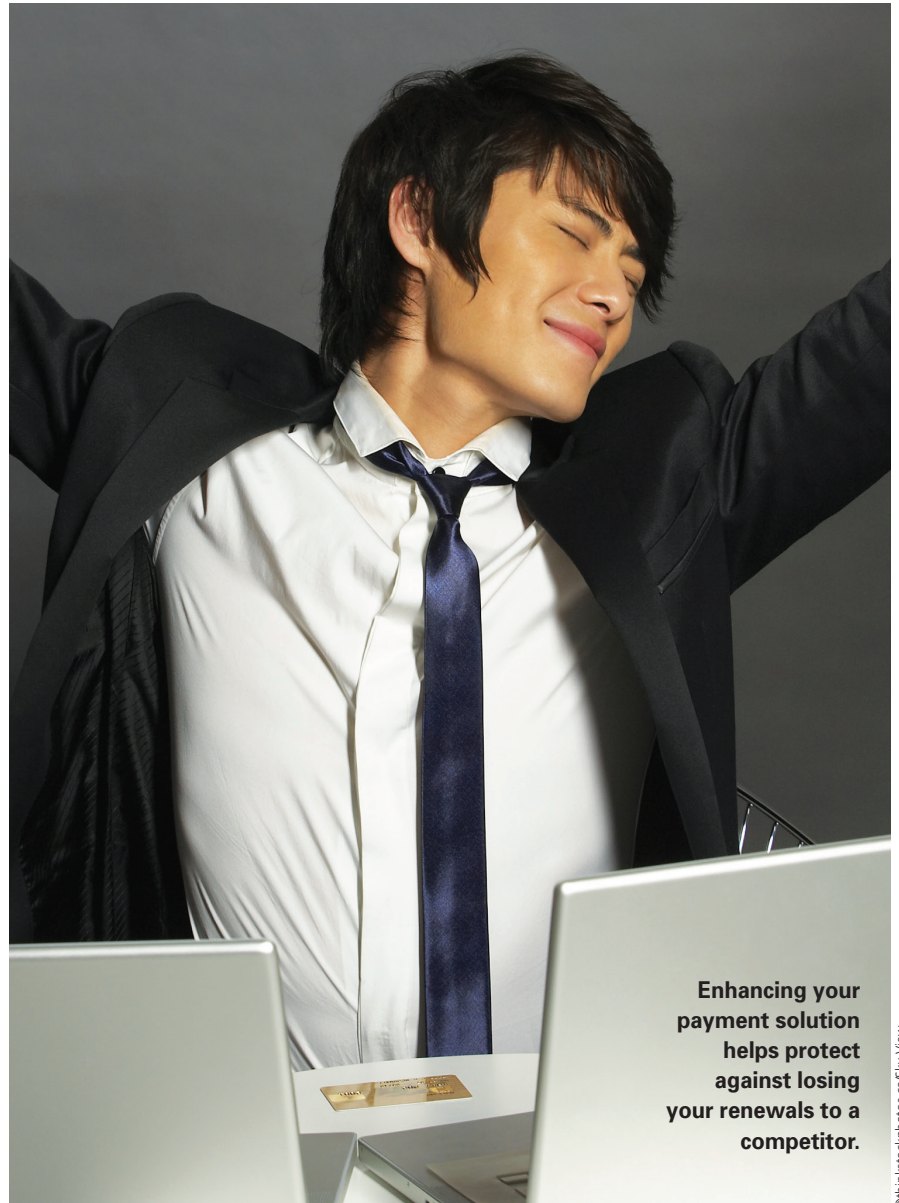
Almost every company provides this option. The client pays the invoice in full either by cheque, debit or, less frequently, in cash. It's less convenient, as often the client has to come into the physical office or mail in a cheque. It's also not always the best option for your client, as it can deplete cash flow and/or reduce the opportunity to earn income from higher interest-bearing alternatives. From a broker's point of view, it can cause delays in finalizing the deal

as clients assemble the necessary lump payment.

Credit card payments

Whether clients want to accrue loyalty points, like the convenience of having all transactions recorded on one statement,

or simply prefer the convenience, more and more clients want to use credit cards. They can be accepted securely in office or online. Certain vendors can offer the ability to host a payment page for you where clients can make online payments, or can



Enhancing your payment solution helps protect against losing your renewals to a competitor.

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integrate your online payment solution page into your existing website for seamless service. Depending on your merchant agreement, some providers allow you to charge an administration fee to offset some of the cost. The online credit card option allows clients to self-serve payment anytime. Accepting credit cards eliminates the expense and management of processing cash or cheques and eliminates the associated fees from returned cheques for you and your clients. Credit card transactions are authorized immediately, so you get paid sooner.

Monthly payments

Sometimes brokers are hesitant to offer easy monthly payments unless clients inquire about it. This does the broker and the client a disservice. Many commercial clients are still not aware they can pay for their insurance monthly. By offering this option you are strengthening the depth of your service and expertise. This could be a differentiating factor between yourself and the competition. Monthly payments can be a more economical choice than some of the other options, depending on where

the client is drawing the money from to pay in full. Easy monthly payments can smooth out your client's cash flow. There are also benefits to you as a broker, as the policy is paid in full from the lender, your brokerage reduces its time on risk and gets paid sooner.

Of course there is more than just the dollars and sense of the different payment solutions. The time of payment is an important milestone of your ongoing relationship with your client. As a broker you want to own the relationship. The right payment provider will include and inform you about all activity regarding your client's account. Should a payment be missed, the right partner can be flexible enough to work with you and your client to seek out mutually agreeable solutions. As the agreement is between your payment partner and client, the carrier never needs to be informed of missed payments, so you can help safeguard your client from increases due to missed payments or cancellation for non-pay.

A common misconception is that clients want to pay for their renewals the

same as they did the previous year. Cash flow varies year to year, business needs to reinvest cash flow changes, and client expectations evolve as other financial transactions influence your clients' expectations regarding all their purchases. Enhancing your payment solution helps protect against losing your renewals to a competitor.

Offering a simple and convenient payment process customized for each client's unique needs can add to your value proposition and reinforce your brand and status as a trusted advisor. By providing options and providing clients choice on how they prefer to pay, you deepen your relationship and value. A holistic and simple payment process where you are in control is more likely to lead to the rewards of exceptional customer service, better retention and referrals. **IP**

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Stuart Bruce is the ceo of First Insurance Funding of Canada. He is a CPA chartered accountant, holds an honours business administration degree from Richard Ivey School of Business, University of Western Ontario, and has spent the last 13 years in the premium finance marketplace in Canada.