

# Retention strategies post Covid-19

*Improve premium collections by at least 10% by reducing cost by 50%.*

The impact of Covid-19 on the persistency of insurance policies has become evident now that lapse rates are increasing significantly. In the emerging market segment, affordability of even the most basic cover is a challenge, with rejection reasons of “insufficient funds” being the dominant factor in lapses and cancellations.

Unless retention campaigns are effectively designed and closely managed, it can become an expensive and fruitless exercise where good money is thrown after bad. Using SMS as a cost-effective communication method is no longer as successful as it once was, and outbound dialling is an expensive alternative, which is limited to the available resources and hampered by the need to contact the client quickly.

During the past 5 years we have managed many retention and re-activation campaigns for our clients. As with most of our Direct Marketing initiatives, testing the effectiveness against a control group is crucial to designing the best solution. We measure our success on the increase in net collections over a period of 6 months, rather than just the policyholders’ indicative “promise to pay”. That, after all, is the acid test.

## **SOME OF THE RESULTS ACHIEVED DURING OUR TESTING ARE AS FOLLOWS:**

- First collections after the retention campaign were at least 12 percentage points higher than the control group.
- After 6 months, the test groups still had between 10% and 14% more active policies than the control group.

A flexible omni-channel approach ensures effective and timeous interaction with ALL rejected policyholders and then specifically focusses on those policyholders who are likely to catch up on a missed premium or have specific customer service queries.

## **VARIOUS FACTORS ARE TAKEN INTO CONSIDERATION WHEN DESIGNING THE OPTIMAL RETENTION STRATEGY, INCLUDING:**

1. Data profiling to determine the priority and engagement methods based on policy specifics.
2. Processes and timelines are aligned to underwriter-specific collection rules and procedures.
3. A customer services approach is followed through automated voice messaging to initiate engagement, which then directs various responses to the most effective channel for completion.

The process has been designed to incorporate existing client resources where available, while still effectively



engaging with each policyholder regarding their specific challenges or requirements. Giving policyholders palatable options and combining consumer education principles to illustrate the consequences of these options, provides a sense of control which encourages participation, while meeting all the TCF and compliance requirements.

Our solution is rules-based, customisable and automated. However, it is simple to implement and manage with extensive, real-time reporting. There are minimal system integration requirements as the process is easily implemented and managed through SFTP sites and/or API links with data security and confidentiality being paramount. All interactions and results are recorded, date-stamped and easily imported into existing CRM systems to ensure a single view of all policyholders.

We guarantee that with the right approach, we will improve the ROI of any existing in-house retention initiative and improve engagement by increasing contact ratios. We would gladly engage and demonstrate our unique solution and process to quickly improve persistency and maximise profitability.

**CDA Solutions started life as a business offering administration services- policy fulfilment, collections and reconciliation of debit orders and the like. We have evolved to offer end-to-end direct marketing solutions aimed at optimising clients’ annuity and premium income.**