An Introduction to Negotiation Skills for Insurance Professionals

Jeffrey A.G. Heasman CELTA, LL.B (Hons), LL.M Director for Legal & Insurance Programmes Worldwide





Aims & Objectives



- > Recognise the essential qualities of a good negotiator.
- > Understand the importance of thorough planning and preparation.
- $\,\succ\,$ Identify when the negotiation process starts and the different styles and strategies.
- $\, \succeq \,$ Appreciate the importance and impact of language in the negotiation process.

10 Essential Qualities



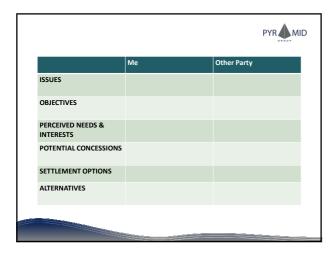
- ➤ Nerve
 - Display confidence in your position and remain calm
- > Self-discipline
 - Stick to facts and don't let emotion interfere
- > Tenacity
 - & Be confident in the face of challenges, though remain reasonable and open-minded
- > Assertiveness
 - Be in control but don't cross the line and be disrespectful
- > Instinct

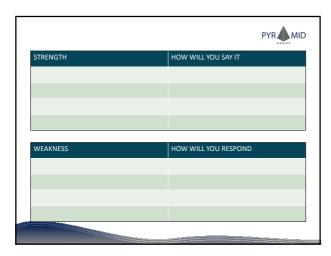




- > Expected outcomes: what outcome will people be expecting from this negotiation?
- The consequences: what are the consequences for you of winning or losing this negotiation? What are the consequences for the other person?
- Power: who has what power in the relationship? Who controls resources? Who stands to lose the most if agreement isn't reached? What power does the other person have to deliver what you hope for?
- Possible solutions: based on all of the considerations, what possible compromises might there be?

Source: www.mindtools.com





Process The process begins with the first phone call or an opening statement. It's when the rapport is established. Remember that the agreement isn't necessarily about figures. It is more about the factual information that you have used to reach those figures. Think about how you can include the other person by asking questions. I'd like to discuss the figures, can we look at them together? Think about positioning if it is a face-to-face meeting. Don't sit directly opposite. If you're reviewing documents sit side by side. Respect how important something may be to someone. Ensure there is plenty of time to deal with issues at a pace and in the detail that the customer needs things explained to them.

PYR MID Style & Strategy > Be empathetic at all times and remember that insurance is a customer service industry. > Always aim to secure the cooperation of the person you are dealing with. If they seem uncooperative, ask a simple question – why? $\, \blacktriangleright \,$ Don't use ultimatums. They isolate and anger the other person. $\, \succ \,$ Keep to the facts and don't start arguing about reasons. > Consider the other person's point of view. The level to which you consider their point of view will be mirrored in the way they consider your views. PYR MID $\,\,igspace$ Always think about proving yourself right, rather than proving the other person wrong. > Don't discredit what the other person says. They won't listen to what you have to say next. > Don't make a concession after each point the other person makes as it will just encourage them to keep coming back for more. PYR MID > Be careful with body language. > If you're negotiating on the phone, pay attention to the tone. It needs to be respectful. Don't tarnish the new situation with the experience from a > Negotiate figures on a diminishing scale.

PYR MID Power in Negotiations > By delivering a proposal first you create the "anchor". $\, \succ \,$ It should test the other party but not be extreme. > You force the other part to reassess their evaluations. You have seized the > All counter offers and proposals will become relative to your "anchor". > Often the other party forgets their own position. PYR MID > You need to get into the mind of the other person. By doing this, you create your own position of strength: > What are their options? What are their time pressures?How valuable would an early settlement be? ${\blacktriangleright}$ What is the issue that is of greatest value to them? > Who holds the balance of power? Is this real or just perceived? PYR MID > If someone makes a threat or if they set a deadline, you need to assess the credibility. > Will carrying out a threat harm them? Do they really have the options open to them? > Test the credibility of the threat. Ask a probing question.

Take control of the agenda and discussion points (see the section later about dealing with demanding lawyers). Only a proactive party can take control and have power in the negotiation. If you are not proactive there is a real risk of inertia in the negotiation process. This is how you lose power. Being proactive gives the impression that you are the one holding the power, even if you're not!

How to Communicate PYR MID GROUP

Key points to remember when dealing with people	PYR
> You need them more than they need you.	
> Show interest and empathy. Never dismiss what they say.	
> Build a rapport and make them feel comfortable. Work hard fears.	to allay any
> Seek opinions but be careful how you use this as evidence.	

Opinion v Fact

PYR MID

- $\, \succ \,$ The following statement expresses an opinion:
 - > I don't think the claimant is telling the truth.
- > You can turn this into an observation based on fact:
 - There are inconsistencies in the claimant's account because he now says he worked for the defendant between 1985 and 1990 whereas previously he had said he was employed between 1983 and 1987.

Email



Advantages

- Everything is in writing and so more certain
- You can bypass the "gatekeeper"
- Normally results in a prompt response
- Allows someone time to

Disadvantages

- Can be sent too quickly, without proper thought
- There could be another person involved
- Difficult to pull a situation back when it goes wrong
- Allows someone time to think
- No auditory clues

Telephone



Advantages

- More personable (rapport)
- Auditory clues
- People are likely to be more flexible and easier to persuade
- Often results in quicker settlement
- Easier to control
- People are likely to be more open because it's not in writing

Disadvantages

- No formal record
- Availability
- You cannot always tell if the other person is listening
- If not properly planned it can put you at a disadvantage

Using the telephone



- > Ensure the conversation is planned, especially if you are presenting complex information.
- > Set a specific time for the call and don't rush.
- > Don't schedule a series of long phone appointments in a row (emotion can transfer) and only take a call if you are ready.
- > Listen to the other person and at key stages confirm you are listening and understand
- Concept check when someone presents key information or detail.

PYR MID

- > Don't continue if the conversation is not going as planned offer to send an email or follow up later.
- Don't multitask minimise screens on the computer and avoid other distractions.
- > Take notes and summarise the key details of the conversation ensure there is a record on file.
- > If necessary, follow up with an email to clarify or reaffirm details.

The Importance of Language



- Use positive phrases and avoid threats.
 - Fif you don't sign this form, we won't pay your claim.
 - > If you sign this form it will help us to progress your case.
- $\,\succ\,\,$ If a customer uses emotional words, pay special attention. Show empathy.
 - You can't just offer me £3,000 for the car. I really loved that car, I had it serviced regularly and took really great care of it.
 - I understand that the car meant a great deal to you.
- > Never say "but" or "however" as it removes the empathy. Take a breath and move on to next statement or phrase.
 - ${\not \succ}$ I understand the car meant a great deal to you ... can I explain how the valuation has been calculated?

PYR♣MID	
Never tell someone they need to be patient. Instead, say you want to work with the other person to resolve things as quickly and as efficiently as possible.	
If you ask someone to "trust" you, it suggests there is a reason why they shouldn't trust you!	
> If you ask someone to calm down, you're likely to make them even more excitable.	
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PYR♣MID	
Never tell someone they need to be reasonable or even worse, they are being unreasonable. Reinforce the reasons to back up your valuation or your viewpoint.	
If you use the words "offer" it suggests to the other person that there is still room to negotiate. Use terms such as "valuation".	
> Never refer to figures as being "approximate" or "about".	
Demanding people!	
➤ If you have properly planned the negotiation, you will have reached an	
evaluation of your desired outcomes. You need to ensure the negotiation remains focused on this and not the other person's demands.	
Think of the difference between the following two openings: "Good afternoon Mr Roberts, this is John from XYZ Insurance. I am calling to discuss settlement of your client's claim. We got your offer of £4,500 and I am afraid we	
cannot accept this." > "Good afternoon Mr Roberts, this is John from XYZ Insurance. I am calling to discuss your offer of £4,500. I am afraid that we cannot accept this offer. Based on all the information provided, and our assessment of liability, we are prepared to	
offer £3,250 and it is broken down as follows"	

PYR MID	
When preparing, always apply the "so what?" test to whatever it is that	
you are going to say, especially when you are presenting your strengths. > Compare the following two statements:	
The damage to the vehicle was very minor. The damage to the vehicle was very minor and so the period of hire is excessive and we cannot accept the claim as it is presented.	
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PYR	
Over to you	
7 3 3 4 7 3 3 A	
Г	1
Scenario A	
You work for ABC Insurance and you need the	
customer to return a medical mandate. They have not sent it back despite two letters asking for	
it. You have been sent to the house to try and persuade the customer to return the mandate. By	
the time you get to the house you are 20 minutes late because a particularly difficult customer delayed you at your last appointment.	
Be prepared to negotiate!	
F - F - 1 - 2	

Scenario B	PYR	
Your car has been assessed as a total Insurance are your motor insurers. A the engineer's report, XYZ have arran to discuss the value of your car. You the report. You believe your car is va You have serviced it regularly, kept it	ofter receiving anged a meeting haven't seen lued at £4,000.	
inside and out and it has been your p for the last 5 years.	oride and joy	
Be prepared to negotiat	e!	
		1
Summary	PYR	
Keep in mind the 10 essential qualities and rememb customer service industry.	er that insurance is a	
Prepare your strategy and the language in advance.		
Adopt an appropriate style.		
> Use appropriate language throughout the process (v	verbal and non-verbal).	
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