

Down with CLOB!

Terry Watson
Unit Manager
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Writing quality business means maintaining a low CLOB rate.

Terry Watson of Houston North,

*who has been with United American for five years, had a tremendous turnaround in this area. He went from **77.4% 13th month CLOB** for business written July 2001 through December 2001 to an amazing **8.5% 4th month CLOB** for business written July 2003 through December 2003. Terry is the ultimate CLOB rate success story and recently shared his thoughts with us.*

Vision: Terry, initially, your CLOB rate was very high. To what do you attribute that?

TW: Yes, it was high. I could go on and on about the things that took place that caused it, but, bottom line, it was me. Sure, there are things that are totally out of your control that can contribute to cancellations and there is always something in your life that can happen to take you off course, but I think not providing good customer service had a lot to do with it. I took care of my clients, but I can look back at areas where I could have done a lot better. I remember Andy King saying 'Quality in Quantity.' This is so true. I use to think everybody deserves a policy, and that is true. But if you choose the right coverage for the right person for the right price and make sure you take good care of that person, the business will stay on the books.

Vision: What steps did you take to lower your CLOB rate and why?

TW: First, I asked for the Lord's help. Then I listened a lot

more to the people who were potential clients, and I learned to walk away from business. Sometimes you have to walk away. As Agents, we hear key words or phrases that the prospects are saying, but I think sometimes we ignore them just to get the sale... phrases like, 'Well, I will give it a try' or 'It's going to be tight for us, but we need it.' Try to find something we have in their price range and don't always try to get the big fish. Sometimes, you have to walk away or settle for something a little smaller. I learned this approach from talking with Unit Manager, Justin White. (Justin's CLOB rate has always been extremely low.) By listening and observing his patterns, I learned to follow what he is doing. It works!

Vision: How do you account for the profound drop in your CLOB rate?

TW: Again, not signing up everybody with a pulse! I think you just have to be careful with that. We are all under pressure to produce numbers, but what good does it do for me or the Company if I sign up someone who will only stay on the books for two months? A lapsed policy pays no benefits, no renewals, and does no one good.

Vision: What is the connection between writing quality business and your CLOB rate?

TW: Writing quality is the key ingredient to a great CLOB rate. If anyone tells you otherwise, don't take their advice. Everything we do is about quality. We have an obligation to the policyholders, our branch, and, most importantly, our families to write quality business so we can continue to be the force that we are in the market.

Vision: What advice would you give to others who need to improve their CLOB rates?

TW: Call Justin White (smile). Pay close attention to your prospects. Make sure they can afford the product and don't be afraid to walk away from business. Go to someone with a good CLOB rate, leave your ego at the door, and do what you need to do.

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