

# An Introduction to negotiation skills for insurance professionals

by

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# Aims & Objectives

- Recognise the essential qualities of a good negotiator.
- Understand the importance of thorough planning and preparation.
- Identify when the negotiation process starts and the different styles and strategies.
- 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

- ❖ Trust your initial reaction to a proposal that is made



- **Caution**
  - ❖ Take time to think and be patient
- **Curiosity**
  - ❖ Use effective questioning techniques to find out more
- **Numerical reasoning**
  - ❖ Be able to back up your valuations and have a strategy for offers
- **Creativity**
  - ❖ Be prepared to adapt and think of novel solutions
- **Humility**
  - ❖ The other party will mirror your behaviour if you are too competitive

*Source: Stephen Gates, The Negotiation Book, John Wiley & Sons, 2012*



# Planning

- Goals: what do you want to get out of the negotiation? What do you think the other person wants?
- Trades: What do you and the other person have that you can trade? What do you each have that the other wants? What are you each comfortable giving away?
- Alternatives: if you don't reach agreement with the other person, what alternatives do you have? How much does it matter if you do not reach agreement? What alternatives might the other person have?
- Relationships: what is the history of the relationship? Could or should this history impact the negotiation? Will there be any hidden issues that may influence the negotiation? How will you handle these?



- 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?



	Me	Other Party
<b>ISSUES</b>		
<b>OBJECTIVES</b>		
<b>PERCEIVED NEEDS &amp; INTERESTS</b>		
<b>POTENTIAL CONCESSIONS</b>		
<b>SETTLEMENT OPTIONS</b>		
<b>ALTERNATIVES</b>		



**STRENGTH**

**HOW WILL YOU SAY IT**

**WEAKNESS**

**HOW WILL YOU RESPOND**



# 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.



# 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?
- Don't use ultimatums. They isolate and anger the other person.
- 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.



- Always think about proving yourself right, rather than proving the other person wrong.
- Acknowledge the responses you get. Even if you disagree.
- 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.



- 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 previous call.
- Negotiate figures on a diminishing scale.



# Power in Negotiations

- By delivering a proposal first you create the “anchor”.
- It should test the other party but not be extreme.
- You force the other part to reassess their evaluations. You have seized the power.
- All counter offers and proposals will become relative to your “anchor”.
- Often the other party forgets their own position.



- 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?
  - What is the issue that is of greatest value to them?
  
- Who holds the balance of power? Is this real or just perceived?



- 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 people).
- 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



# Key points to remember when dealing with people

- 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 to allay any fears.
- Seek opinions but be careful how you use this as evidence.



# Opinion v Fact

- 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 ...



# 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 think

## 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.



- 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.
  - If 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.
- 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.
  - I understand the car meant a great deal to you ... can I explain how the valuation has been calculated?



- 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.



- 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 ...”



- 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.



**Over to you ...**



# 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!



# Summary

- Keep in mind the 10 essential qualities and remember that insurance is a customer service industry.
- Prepare your strategy and the language in advance.
- Adopt an appropriate style.
- Use appropriate language throughout the process (verbal and non-verbal).



# Thank you and please stay in touch



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