

Future of referrals hinges on do-not-call registries

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NEW YORK (AP) — After 14 years in the business, insurance agent Sue Ritchie is considering exiting the profession. The reason: The do-not-call registry intended to stop annoying telemarketing calls is also expected to thwart the sales of those who drum up business through referrals, such as insurance agents.

The Phoenix insurance agent says the bulk of her clients come through referrals by other clients, and she is "absolutely flabbergasted" about the new rules.

Registry rules prohibit businesses from cold-calling the home phones of people on the list. That means no calls unless the business has completed a transaction with the consumer in the last 18 months, or the consumer initiated contact in the last three months.

Financial industries that rely on referrals and recommendations are seeing the list as a deathblow.

According to 1999 data from Limra International, an insurance researcher in Windsor, Conn., 94 percent of life insurance agents use recommendations from current clients to make sales. About one in three referrals leads to new clients, said David Woods, president of the Life and Health Insurance Foundation for Education, in Washington, D.C.

Professionals who rely on referrals can still make calls to people's businesses, and they may continue to mail and e-mail prospective clients. But some worry these methods won't be effective. And the agent needs to take the initiative, Ritchie says. "People do not call the insurance company and say, 'I need insurance.' That's not how it works."

The Federal Trade Commission originally exempted the insurance industry from registry rules, said Michael Gerber, general counsel for the trade group National Association of Insurance and Financial Advisors in Falls Church, Va.

But when the Federal Communications Commission became involved as the enforcement arm of the registry, that exemption flew out the window, he said.

Requests that the FCC (news - web sites) make exceptions for calls based on referrals have been denied, Gerber added.

The popular do-not-call registry was introduced to the public late in June. As many as 10 million people signed up over the first weekend and about two-thirds of American households have since registered with the list.

Final implementation of the registry has met several hurdles, including challenges that it's unconstitutional but it went into effect on Oct. 1. □