800: Termite Renewal Price Increase

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Section: Termite Administration
Subject: Termite Renewal Price Increase
Approved by: Tony Massey
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Policy Owner:

Policy

Renewal price increases will be processed monthly by Business Intelligence in combination with Service Center Management. This will occur during the regular renewal billing and Termite/Bait Renewal Processing Calendar. The guidelines for determining price increases are as follows:

1. Initial or EPT treatment accounts do not get increased for years 2 through 5 from the date of initial treatment. The first increase for conventional subterranean customers will be 15% beginning the 6th year of coverage. The EPT will be scheduled in year 10.
2. New bait accounts do not get increased for years 2 through 5 from the date of initial installation. The first increase for bait customers will be 15% beginning the 6^{th} year of coverage, and 7.5% every third year thereafter.
3. New drywood direct wood treatment accounts do not get increased for years 2 through 5 from the date of initial treatment. The first increase for these customers will be 15% beginning the 6^{th} year of coverage and 10% every third year thereafter.
4. New drywood accounts do not get increased for years 2 through 5 from the date of initial fumigation. The first increase for drywood customers will be 15% beginning the 6^{th} year of coverage, and 10% every third year thereafter. All renewals on fumigated structures must be reviewed by the General Manager to ensure that the expected cost of a re-fumigation can be paid in full with the value of five years of renewal fees. Increases over 15% must be approved by Regional Managers and personally communicated by the Service Center Management team to the

customer in advance of their renewal billing. These will not happen automatically, but at the local center level.

5. If the Service Center Management team has decided to raise or lower any renewal price during the previous renewal year, no changes will be made to the renewal price in the current year.
6. Attic Upgrade Treatments will not affect the timing of renewal price increases. The customer's renewal price should be increased after an attic upgrade treatment because their protection is extended to cover additional wood destroying insects. If a renewal fee was increased for this reason in the previous year, the renewal fee will not be increased again this year.

Some accounts with special conditions may require larger increases, while others may need to remain at their current rate. It is imperative that all accounts be reviewed prior to the automatic price increase process in order to ensure we maintain a good and long-term relationship with our customers. In order to manage this process, we will use the Termite and Bait Renewal Processing Calendars, which will include directions to use a report named "Active Bait/Termite Renewal Fee Increase Report," which will be on the Intranet>>Reporting Services>>Service Center Reports.

During the renewal reconciliation process, the Service Center Management team must review this report to determine automatic increases vs. customers who may need customized attention. If there is an account that you do not want to have automatically increased, the admin team member will need to create a Renewal Notice for [Month Name YEAR]. This will be the same process if you want to increase the account by a different amount than the 10%/7.5% explained above. If the Service Center Management team doesn't follow this process, the customer will receive a renewal notice with a price increase as shown in the beginning of this policy.

The General Manager should pay special attention to the following types of customer property:

1. Structures that have had previous claims or retreatments
2. Large or very vulnerable structures
3. Severely underpriced renewals
4. All drywood termite renewals
5. Total Coverage Renewals

Any changes by the Service Center Management team must be updated on the customer's account before WDO (Wood Destroying Organism) Inspection Reports are generated, (See Office Policies &

Procedures #801, Termite Renewal Processing Calendar for specific dates). Failure to do so will result in the customer receiving an inspection report showing one renewal fee and a renewal statement showing a different renewal fee.

Renewal Price Increase

Handling Customer Calls:

1. Get the customer's name
2. Specifically identify the reason for the call
    1. Renewal Fee
    2. Type of protection
3. Review the type of protection and explain benefits
    1. **TOTAL PROTECTION** (Retreatment and Repair Guarantee)
        - For retreatment costs
        - For the cost of repairs of new termite damage
        - On the structure... as well as the contents
        - That can be transferred if you sell the property
        - That includes inspections by company-certified technicians
        - That's backed by one of the largest and most reputable companies in the industry
    2. **LIMITED PROTECTION** (Retreatment Guarantee)
        - For retreatment costs
        - That can be transferred if you sell the property
        - That includes inspections by company-certified technicians
        - That's backed by one of the largest and most reputable companies in the industry
4. Explain the reason for the price increase
    - The risks of termite damage is significant and the cost of repairing that damage is at an all-time high

5. Offer suggestions if the customer isn't convinced they need to retain their protection at this time. Emphasize the cost of retaining their termite protection guarantee is insignificant when compared to the cost of paying for termite damage repairs. For example, the typical cost to repair a shower damaged by termites is between $10,000 to $12,000. Additionally, most homeowner’s insurance does not cover termite damage and finding contractors who will complete repairs on time and on budget has become increasingly difficult and time consuming.
    - The cost to retain their termite protection is typically less than 60 cents per day. Isn’t the peace of mind of knowing your home is protected worth it?
    - Even though your home has been treated by Massey Services, termites are still capable of damaging your home. That’s why you need to retain your termite protection. Termites can reinfest your home and if this termite activity happens, you have a company you can depend on and trust to handle it.
    - The most important part of termite protection is the type of guarantee and the company that stands behind it. We have over 800,000 customers that we serve. Since 1930, our customers have trusted us to protect their homes and businesses…with guaranteed customer satisfaction. We are recognized nationally as a leader in the service industry and we’ll be there when you need us!

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