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Overlooked opportunities are sources of growth

Target lost market share with short- and long-term growth strategies

It's a *brave new world* for insurance agencies. However, it isn't the world Aldous Huxley described in his book of the same name. Instead of fewer choices and more standardization, professional, independent insurance agencies are now just one of a growing number of choices for consumers who can connect with carriers through choosing direct writers, exclusive (captive) agents and emerging forms of distribution.

When you look at short- and long-term planning in this environment, remember that any good plan starts with a realistic idea of where you are coming from and a goal—a clear vision of where you are headed. Start by accepting the reality that independent agents have lost market share to direct writers and exclusive agents in the past.

Nowhere is this more evident than in auto insurance, which accounts for about 70 percent of personal-lines premium and was once the mainstay for most agencies. But, as the McKinsey & Co. report of a few years ago showed, the agency channel has lost 7 percentage points of share in auto insurance to direct carriers since 2003.

There is an opportunity to go after parts of this previously lost market share; you need to see the opportunity that exists and develop a plan to get it—both in the short- and

long-term. Targeting lost market share from new angles is critical.

Rather than trying to compete with direct writers that are spending \$1 billion on advertising or trying to compete with emerging competition, it is better to set goals around targeting the customers who choose to do business with the local exclusive agent. These are the people who want to deal with a human—not a call center—and they want that human to be in their community. The exclusive agency channel is under extreme pressure and targeting their personal insurance and small-commercial customers by offering another local option with more choices is a great plan.

Independent insurance agents are able to provide these insurance customers with more diverse product offerings and personalized customer service. Your specific goals will depend on your local demographics and business community mix.

Reach your community

So, as an independent agent, how do you approach those local-living, service-minded insurance customers? In your

short-term planning, look for short-term wins. Your first win will be building your local brand identity.

Raise awareness of your brand among local business owners; make sure they know you can meet all their insurance needs, both commercial and personal. Let them know you are a local, independent business just like them that can provide more choices than the exclusive agents can. Highlight the carriers you work with by utilizing their branding in your advertising and marketing messages. In some instances, you may even represent the same brand as exclusive agents. Leverage your carrier resources. They are there to help your agency and they have great tools that they want you to use.

You can reach this audience with digital strategies, from targeted email marketing to social-media campaigns; or by being physically present at community events and networking opportunities.

You also can target the classes of business and generations of business that are not interested in dealing with a call center. A critical demographic here is people between the ages of 50 and 75 who have significant assets, what some are calling the “mature, preferred market.” They have multiple cars, second homes and a great need for diverse insurance and financial protection.

But, how do you reach them? You need to understand how this demographic wants financial-services providers to communicate with them. We can look to the real-estate industry for examples of how to create campaigns for this market. When a realtor sells a house in a particular neighborhood, it is highly likely the entire street will receive a piece of direct mail saying something like, “We just sold a house at 123 Smith St., and we can sell yours.”

Why aren't agents conducting a similar campaign when they write insurance policies? Let your local community know what you are doing for your mutual neighbors with protecting their assets and paying claims and ensure they know that you can do the same for them.

Build your capacity

To compete in the brave, new insurance world, insurance agents need to support their short-term plans with long-term strategy that fundamentally changes their role. They must move away from being order-takers. We have all heard that agents are supposed to emphasize their role as trusted advisers to succeed. But, what does that look like in practice? Your agency needs to be as important to clients as their lawyers or accountants. That is why you should have

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clients, not customers. Your agency is a trusted asset-protection manager, not a retail storefront.

In my experience, the average independent agency still writes fewer than two policies per household, when there is an average of seven to 10 available policies per household. Household policies could include: auto, home, umbrella, personal articles, life, health and supplemental or voluntary benefits. That number can increase through your role as a consultant, when you can address the hidden needs you uncover through conversations with clients. Independent agents can take this consultative role in clients' long-term financial planning by asking more questions. The focus is on helping clients while uncovering opportunities for increased business.

It's about more than cross selling or upselling; it's about diversifying your offerings. For example, SIAA member agencies are able to offer LifeLock, a product meant to fight identity theft, for individual or group policies. This is not an insurance product, but it does help provide clients with financial peace of mind. Along the same lines, become a resource for fellow local businesses, hold a seminar to talk about cyberliability and data breach, let them know that you have solutions for all of their needs and are in their community to help.

Long-term planning to recapture the market share of struggling exclusive agents also means building staff and tools. Regarding staffing, independent agencies need to have the right people in the right seats: someone who understands business development, someone who understands consultative services. You may need to take an honest look at the skill set of your staff. The skills that built

traditional insurance agencies are not right in the long-term for modern, independent agencies. In addition to industry knowledge, soft skills like clear communication; active listening skills; negotiation; and organization will be important for agents of the future. Successful independent agencies also will need strong and thoughtful leadership that can lay out and articulate short- and long-term goals clearly, how they will be achieved and then provide guidance, support and rewards for performance that achieve the goals.

Staff need to have a mindset to take a holistic approach to insurance, understanding that they are not just providing services to an account. They need to listen, ask good questions and reconcile when a client's lifestyle may warrant additional coverage or policies with your agency.

Long-term strategies are not built overnight, but through a thoughtful, ongoing short-term approach. Independent agents can start becoming a valuable resource for local businesses and provide value in a way that direct or exclusive agents cannot. Price is only important in the absence of value. Ultimately, these short- and long-term strategies play to that strength of delivering real value. ■

Masiello is executive vice president and COO of SIAA, the largest alliance of independent insurance agencies in the country, and CEO of the SAN Group, the founding Master Agency of SIAA and premier network of independent insurance agencies in the Northeast. He can be reached at mattm@siaa.net.



PIA's branding campaign

PIA members and the insurance companies they represent can participate in the PIA Branding Program, Local Agents Serving Main Street America, to increase their market share while strengthening the place of America's professional, independent agents in the marketplace.

The campaign consists of a series of print and radio advertisements that PIA members can run in local publications, customized with their agency logo and contact information, and (optionally) a company logo. Utilizing these ads, PIA members will reinforce their position in their local insurance marketplace as local agents offering personal support and service as well as a choice of companies' policies to fit their customers' needs.

The campaign extends the reach of that already-established identity with a coordinated, high-quality advertising and promotional campaign that highlights what PIA brings to the table. For more information, log on to pianet.com/piabrandingprogram.