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From Captive to Independent Agent: Seven Lessons Learned

By: Taylor Haines

I'm an explorer by nature. My wife and I like to hike in the Adirondacks where we enjoy the exhilaration of choosing different paths to explore. Some paths have led us to spectacular views.

That explorer sensibility has played a role in my insurance career as well. When I got started, I saw two paths: I could work as a captive producer for some of the largest carriers in the world, or I could go out on my own as an independent agent (IA). In the years since, I have walked both paths. For me, becoming an IA was the best choice.

Life as a Captive Producer

My career journey started 11 years ago. I was 23 and fresh out of the University of Buffalo. The only things I knew about insurance were you had to pay a premium every month and that there was a deductible. In fact, I was still on my parent's insurance when I got my first job for a major carrier.

I started as a direct writer, one of 2,500 people working in a GEICO office in Western New York. I quickly found insurance wasn't much different than the work I had done at Best Buy dur-

ing college. You learn a product. You tailor it to your customers' needs. You sell it to them. But I also wanted to build relationships with my customers, and I didn't feel like I was getting that opportunity.

So, 18 months later, I joined State Farm as a captive agent. I learned how to sell auto and commercial insurance in addition to the homeowners policies. After a year at State Farm, I hit the end of my path as a captive producer: I got fired. Right then and there, I realized I wanted to do more than build a future for someone else — in this case the folks at State Farm. I wanted to build my own future.

Making the Switch to IA

Making the move to being an independent agent was where my spirit of exploration and my penchant for risk-taking kicked in. I was 26 years old, recently married and unemployed. I was still in graduate school, and I didn't have any money. Then I met a man named Don Marinucci, who had started his own agency in 2013. It was in significant debt. He said, "Just get me out of this pinch and build this book

of business, and I'll sell my agency to you."

I dove right in. After six-and-a-half years as general manager and vice president of operations, I officially purchased Encompass Agency Inc., in May 2021.

My journey hasn't always been easy. I almost quit two or three times along the way. But I believed in myself from the very beginning. I knew without taking any risks, there would be no reward, so I dove in and put in the work. Along the way, I've devoted myself to being a good person, because I sincerely believe that if you try to do the right thing every day, you will have nothing to worry about.

When I am asked by others considering becoming an independent insurance agent, I share these seven lessons that I've learned:

- 1. Make personalization your strength.** As a captive producer, you sell one product and follow one underwriting manual. But as an IA owner, you can work with multiple carriers and managing

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general agents (MGAs), diversify your market availability, and create personalized products that large captives can't offer.

For example, one of our thriving products at Encompass Agency is vacant building insurance. Major carriers don't offer it because it's not in their underwriting appetite, but for our agency it's a perfect fit.

My advice to new IAs: Reach out to 15 to 30 different carriers, get a sample size of the available markets, learn their coverages and prices, and then fine-tune your offerings to match your customers' needs.

- 2. Don't make promises you can't keep.** As an IA, you have agreements with your carriers, MGAs and brokers. These agreements aren't even on your radar as a captive, but if you don't pay attention to the obligations of each contract, you could end up in a costly dilemma. This is the hardest — and most expensive — lesson I've learned. And it happened right away. I had written my first excess lines account and accepted a down payment from a customer. His check bounced, and I was on the hook for \$15,000. That's because I didn't realize that as an excess broker, you're committed to buying a certain percentage of the premium once you've written the policy.

Looking back, it was a silly mistake and a great learning lesson. Today, not a single policy gets filed without a check clearing the bank.

- 3. Be an underwriter first, then a**

salesperson. When you focus on underwriting, you'll train yourself to understand your contracts, endorsements and forms fully. You'll also learn the implications of coverages and what your insureds must do if they suffer a loss. This will help you avoid both costly and time-consuming mistakes. It will make you better at selling insurance, too.

- 4. Invest in your personal financial acumen.** As an IA owner, you'll have two main jobs: sell insurance and run a business. The second part requires you to master bookkeeping, accounting and other financial tasks. Remember, as an agency owner, you and you alone will be responsible for keeping your business financially viable.
- 5. Don't be afraid to ask for help.** I relied on many resources when I set out on my own. For example, I enrolled in SIAA's Business Insurance Advantage (BIA) program, an outstanding set of virtual classes that enhanced my abilities to market and sell. I recommend the BIA program for all new agents. I've also counted on the Independent Insurance Agents & Brokers of America (the Big "I") for expert guidance on state-specific regulations, such as what unlicensed producers can and can't do in the state of New York.
- 6. Do everything you can to promote yourself.** To build your book of business, you need a multitouch and multipoint marketing strategy. You need all channels — direct mail, social media, events, network-

ing — to succeed. My advice is to try something different every day. There's no secret sauce other than to keep your marketing consistent and keep getting your name out there.

- 7. Get ready to evolve constantly.** When I think of what an IA owner's job might look like in the future, I remember the famous editorial cartoon that Benjamin Franklin drew to unite the American colonies during the Revolutionary War. It featured a snake cut into eight pieces with the caption "Join, or Die." My personal motto for 2023 is join or die.

It may sound harsh, but the reality is that you have to constantly evolve your business or it won't last.

We're living in amazing times where the line between the Internet and the real world is blurring. That means the way we do business now won't be the way we do it just months or years from now. One way we're evolving at Encompass Agency is by changing our market access and expanding into new states.

You Are Your Own Best Bet

As the owner of an independent insurance agency, you can make success happen very fast. Make no mistake, starting your own agency will be a financial risk and a huge lifestyle change. But when you have an explorer's heart and an entrepreneurial spirit, you can build something incredible that, with enough effort, can offer some amazing rewards and spectacular views. ■

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