

**MATT MASIELLO**  
CEO, SIAA



# Opportunities abound

Organize and embrace change

Independent agents who remain static and focus only on servicing their current books of business are not positioning themselves for the future. With direct writers and new technology eating away at standard agency offerings—price-sensitive auto and some home insurance—professional insurance agents need to keep an eye on the competitive landscape. That means finding time in their busy schedules to develop a strategic plan—and giving themselves the products, tactics and tools they need for success.

The planning process begins by examining where you are now: Where is your agency growth coming from? What differentiates your agency in today's crowded insurance market? And, do you have a strong and sustainable industry or operating niche? It's also important to look at what your competitors are doing; how technology is affecting your business; and how you can use it in your favor. Also, look at whether you have the markets, internal resources and community presence to implement new strategies effectively.

## Evaluate your agency

If you don't know how to start when evaluating your agency, a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is a good place to start. This technique can help you carve out a sustainable niche in your market, and a simple web search will give you plenty of guidelines to help you along. Don't forget to include your staff in the SWOT analysis, get their input, buy-in and have them be part of the solution.

This analysis makes you examine how to build on your strengths. Maybe you have a strong industry niche; a recognizable brand; or impressive community presence. It also asks you to consider your weaknesses. Maybe your investment in technology has lagged behind other agencies, or you rely on home and auto policies rather than expanding into commercial lines or life insurance. Perhaps your staff lacks training to sell these other policies.

Then, find opportunities upon which you can capitalize. These may include expanding into other product lines; developing a specialty; or expanding your access to admitted or specialty/program markets. Finally, identify threats to your business. These may include direct sellers or competitors that have invested in technology and are using it to grab additional market share.

When finished with this analysis, you should have a good picture of where your agency stands in today's market, including what policies you're selling; to whom you are selling; the tools you are using to sell them; and whether you have the systems and resources needed to make necessary changes. Now, let's look at some of the key considerations in planning today.

## Expand your book of business

If your analysis finds you are continuing to rely on price sensitive auto and home insurance, and you have not invested in sales and marketing technology, it is likely your market share is eroding. Direct sellers have made significant inroads in these traditional mainstays of the independent agent, with online selling, mobile apps and other technology leading the way.

Planning strategies should include moving into commercial lines, which are strong and present growth opportunities for agents. In fact, independent agents are selling the majority of these policies. When you get into commercial lines, consider starting with a focused approach that targets one or two industries or specific types of products, become the expert and build on that expertise with expanding coverages and adding new classes of targeted business.

Cyberrisk and databreach coverage is a fast-growing niche in commercial lines, and not just for big business. Nearly half (43 percent) of cyberbreaches affected small businesses.<sup>1</sup> Plus, another report found that nearly half of U.S. small businesses suffered a cyberattack in the past year, with 44 percent of

them experiencing two, three or four attacks.<sup>2</sup> There is an opportunity to educate small businesses about the cost of *not* covering themselves with this insurance.

Where else do you look for a niche? Look at market trends about industries that are growing faster than the economy, learn where they are and what propels them. Then, you can learn and understand their lines of business and market to them. By specializing in one or two fields, you will be able to meet your clients' needs; create consistency within your business; and build trust with your clients and potential clients.

Life insurance is another underserved market. It was never a popular line among property/casualty insurance agents, often because, historically, selling life insurance involved collecting extremely personal information from the client, as well as conducting medical testing. Agents now can look to develop life insurance sales without the need for invasive questioning. A recent study reported that 30 percent of households remain without this important coverage,<sup>3</sup> which presents a great opportunity for independent agents to fill an underserved market, increase revenue and add more policies per client.

Another growing market to consider is the mass affluent market (not high net worth), which presents a significant opportunity for insurers, according to a new study: "Affluent households—those with more than \$100,000 income—grew by 30 percent between 2012 and 2016," said Mary Pat Campbell, vice president, insurance research at Conning. "While still the smallest income segment in number of households, the Affluent Market has significantly more financial resources

than the Middle Market and is able to purchase a wide variety of financial products."<sup>4</sup>

## Embrace technology

Today, technology is integral to every independent agent's success. Agency principals must set a course to embrace and implement today's technologies, including their agency management systems. If you don't maximize on today's technologies, how will you implement new ones coming our way? When planning, ask yourself this: Do you know the five or six key performance indicators for your agency to monitor weekly or monthly to manage progress? Can your clients reach out and get questions answered whenever it is convenient to them (e.g., 24/7, access policies or make changes on the go)? Can they reach you via phone, text, website or mobile app? Do you use data analytics to better understand your clients and target prospects?

Today insurance agents must provide clients with service through seamless omnichannel experiences. Technology enables insurance agents to understand client needs at a deeper level, and serves as the bridge to engaging all clients and prospects; beating the competition; and bringing insurance into modern day.

Any independent agent's strategic plan in 2019 and beyond should consider an investment in innovative tools and technology that can streamline operations, sales and data collection. These include agency management and development systems, comparative raters, websites, mobile apps and social media. These tools are essential to keep pace with current and potential

clients. Remember, your competitors are taking advantage of these new tools, and it is working for them.

## Staying local

In a tech-focused age, building and maintaining a local identity may seem like a challenge, but it remains important. Sam Friedman, insurance research leader for Deloitte Services LP, said he believes the independent agent can thrive in the new InsurTech ecosystem. "Customers' connections to a professional agent remain strong, especially in commercial lines," he said. "In the end, agents will likely continue to thrive if they leverage their experience and interpersonal skills effectively."<sup>5</sup>

Technology doesn't remove the need for human interaction; it enhances the interaction. I believe most people still want to buy locally and connect with their local agent, they just want the ability to use technology for the more mundane processes. Today, building your local brand is about evolving and combining your physical presence in the community—select community and networking events—with building a digital footprint in your community. The goal is to raise awareness of your brand among local business owners and other members of your community, making sure they know you offer more choices than other local agents and the personal touch the direct writers can't duplicate. Building a strategy around this goal should be a priority in your long-term planning.

## Do you have what it takes

When developing a plan for growth, you must evaluate whether you have the tools and resources you need to accomplish your goals. Here are some questions to ask: Do you have access to the markets you need to diversify your book of business? Do you and your staff have the training needed to sell new products? Do you have the agency management systems and technology needed to compete effectively in today's digital world? If you're answering "no" to some or all of these questions, then you need to address these in your planning.

When it comes to training, carriers often offer courses for independent agents to further their understanding of commercial lines. Most carriers offer producer schools (e.g., Travelers, Nationwide, State Auto, Merchants, Liberty Mutual and The Hartford). Generally, classes are available online or run from two weeks to six months at a carrier's location. These types of courses also are available in the Training and Learning Center, which all SIAA members can access. [Editor's note: For your employees who are new to the industry, PIA offers its *New Employee Orientation Series*, which offers courses on personal lines and commercial lines coverage basics, agency personnel orientation and delivering quality service to the customer and employer.]

For example, a businessowners policy course may highlight key coverage, optional endorsements, target markets and how small-commercial accounts benefit from a BOP. In addition, the Hartford School of Insurance has classes for commercial-lines producers, account managers, virtual commercial lines and small-business coverage specialists, among others.

To reach your goals, it also may be necessary to invest further in technology: innovative tools and technology that can streamline sales and data collection, an agency management and development system and comparative raters. Time savers may include having a live chatbot on your website to answer frequent questions, or a mobile app to increase 24/7 access, which clients are now expecting from most businesses.

When diversifying into life and commercial lines, it may be necessary to expand your markets by working with new carriers. Lack of market access can be a real barrier for some independent agents, but there are options. Consider

attending industry conferences where you can meet new carriers or joining a good agency network—one that can provide not only access to new markets, but commercial-lines education, marketing support and other tools to help achieve your goals. Make sure your choice of agency network does not just solve your immediate needs, but can support you throughout the lifecycle of your agency.

When you have analyzed where you want to go and what it will take to get there, then prioritize your goals and establish short- and long-term strategies to meet them. Some planning, such as a major investment in technology, will be longer term. Others, such as building a local brand, expanding into new lines of business and embracing social media may be attainable in the short term.

Most importantly, get started now. The industry is changing rapidly and independent agents who are ready to move forward with an eye to the future can position themselves for many years of success. ■

*Masiello is CEO of SIAA, the largest alliance of independent insurance agencies in the country. Reach him at [mattm@siaa.net](mailto:mattm@siaa.net).*



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<sup>1</sup> Verizon Data Breach Investigations Report, 2019 ([vz.to/2H7MKX5](https://www.verizon.com/business/insights/reports/breach-investigations-2019/))

<sup>2</sup> Hiscox Small Business Cyber Risk Report, 2018 ([bit.ly/2JTvc3W](https://www.hiscox.com/insights/reports/small-business-cyber-risk-report-2018/))

<sup>3</sup> LIMRA, 2016 ([bit.ly/2JnwFim](https://www.limra.com/insights/reports/2016-limra-cyber-risk-report/))

<sup>4</sup> Conning, 2018 ([bit.ly/2Q8A4Ca](https://www.conning.com/insights/reports/2018-cyber-risk-report/))

<sup>5</sup> Deloitte, 2018 ([bit.ly/2YAI6qp](https://www.deloitte.com/insights/reports/2018-cyber-risk-report/))