



Triangular Risk Management™ (TRM)

Enhancing Agency Profitability Through Synergistic Insured, Carrier & Agent/Broker Relationships

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In today's turbulent insurance marketplace, I would like to offer a simple, yet powerful and differentiated strategy to stimulate organic growth -- Triangular Risk Management (TRM). TRM will help you and your agency:

- Reduce outside competition on key accounts
- Eliminate unnecessary "bidding exercises"
- Reduce the time involved in performing market research
- Improve retention
- Enhance client and carrier relationships
- Put fun back in the business
- Positively impact your bottom line

Simple. High impact. Unique. Profitable. TRM is sitting in front of you and your team right now. It has been an ally of middle market focused agents and brokers for years, but few push the TRM

button. Before I explain TRM, Let's analyze the painful story of Stephanie and her relationship with the Client Shield Agency (CSA).

Stephanie is a seasoned underwriter. She is polished, poised, professional and articulate. She takes great pride in her work and is the ultimate team player. Agents and brokers love working with Stephanie. She always goes above and beyond.

Last year, Stephanie's Underwriting Manager received a letter from the President of the Client Shield Agency (CSA) stating, "Stephanie is a star. Remarkable. She helped us secure three new pieces of business which allowed us to meet our new business goal. Her creative underwriting skills, warm personality and attention to detail mean so much to our agency and our customers. Thank you!"

Today, less than 12 months later, CSA's President has changed his opinion. He is now questioning Stephanie's commitment, professionalism and her ability to deliver. It seems that Stephanie has gone from "hero to goat" because CSA lost two of the three prized clients she wrote last year and is struggling to meet the pricing requirements of the third account. CSA's President places a nasty call in to Stephanie's Underwriting Manager advising him that "CSA has lost confidence in Stephanie. She no longer has an aggressive edge. We are frustrated and doubt her ability to serve our firm. I strongly suggest an underwriting change."

Wow! What went wrong? Who is to blame? Has Stephanie lost her sparkling personality, passion for excellence and underwriting skills? Let's see if Triangular Risk Management (TRM) would have changed the outcome of this unfortunate, but common, and realistic scenario.

Triangular Risk Management (TRM) represents the relationship between the insured, carrier, and agent or broker. For the purpose of TRM, relationship is defined as the degree to which all three parties collaborate to protect the assets of the business. The degree to which all three parties communicate, respect, trust and admire each other. The degree to which each party is working for a common purpose – to improve the organization's Risk Profile. Sample components of TRM include:

- Each party understands and values the characteristics, professional standards and quality measures of their business partners.
- Adequate time is allocated to build relationships.
- Customer relationship management strategies outside of the boundaries of the 90-day bidding cycle (i.e., risk management service plans, stewardship reviews, claims management initiatives, etc.)
- Benchmarking risk profile improvement.
- Education on pertinent risk management issues.

Triangular Risk Management relationships can best be viewed as a three legged stool – sturdy, balanced and able to support weight. If one leg is too short, the stool becomes wobbly.

Eventually, the stool will fall over. A successful, long lasting relationship between an insured, carrier and agent or broker must contain balance and strength.

TRM is not a short term commodity sale but a long term management partnership.

TRM is common with Fortune 500 companies. A seasoned Risk Manager understands that a synergistic relationship between his or her organization, the carrier and agent/broker is essential. The Risk Manager cannot adequately perform all essential risk management functions without the teamwork and commitment of all three parties. Components of the relationship include service plan development, claims reviews, risk mitigation strategies and stewardship reviews with a heavy dose of benchmarking and accountability. Fortune 500 risk managers demand a synergistic relationship to confirm that the assets of their organizations are properly protected and managed. All three parties must actively participate in all aspects of the risk management process, including but not limited to, exposure identification and risk mitigation.

If TRM is so vital to Fortune 500 companies, why do the majority of middle market focused agencies shield their clients from intense, long lasting and fun relationships with their carriers? Why do insurance carriers allow insureds to view them as an interchangeable part of the insurance bidding game? Don't carriers realize that TRM can enhance loss, expense and retention ratios? What has impeded the smartest and most cutting edge agents and brokers from TRM? Don't they realize that TRM can stimulate organic growth and enhance agency profitability? I would suggest that you evaluate TRM's potential impact on your agency indicators including outside competition on key accounts, retention and per employee revenue.

Upon further examination of the unfortunate situation between Stephanie and the Client Shield Agency, we see clearly that the relationship was built solely upon price and product. All three parties allowed the "Commodity Trap" (the insurance bidding cycle) to control the relationship. Had CSA's President understood benefits of TRM, he would have created the opportunity for his clients to build relationships with Stephanie and other representatives of her team. Stephanie most certainly would have dazzled the insured and prevented the need for outside competition on these three accounts. The outcome would most likely have been dramatically different. If a consumer has the opportunity to establish a relationship and gain an appreciation for an underwriter's professional talents, TRM takes hold. Rather than losing market share, Clients Shield Agency would be sitting comfortably and confidently on top of a balanced and sturdy stool.

I would like to challenge you to see through the eyes of the typical consumer. Do they view the insurance carrier as a business partner or simply an interchangeable piece of the insurance transaction? You know the answer.

Where should you begin? TRM begins with an open and honest dialog between the carrier and agent/broker concerning key accounts managed by both organizations. The agent or broker must understand the benefits of having the carrier join them on the front line of the relationship. Specific strategies include joint visits with the insured to formulate Risk Management Service Plans, conduct stewardship reviews, implement claims management systems and engage in a fun lunch, dinner or golf game.

TRM is sitting right in front of you and your team. Why wait? Consider meeting with your prized insurance carriers to set the strategy in motion. You will be astounded when you find out that your key clients decline to take competitive bids from outside competition through one or more of the following statements:

1. Beyond its underwriting capabilities, I have a firm grasp of the distinguishing characteristics of my insurance carrier. My agent and I are very pleased with the performance of my insurance company and confident that my underwriter will treat me fairly on the upcoming renewal.
2. I admire the proactive nature of my carrier in working with my agent or broker and me in designing risk management service plans.
3. I have a meaningful relationship with my carrier's underwriter, claims and risk control professionals. Believe it or not, I receive personal notes from my underwriter, claims and risk control representatives congratulating me on our firm's risk management progress.
4. During the renewal process, I have the opportunity to interact with my underwriter to leverage the positive aspects of my business to achieve results in the marketplace. This process gives me a competitive edge with insurance negotiations.
5. I still remember my carrier's New Customer Educational Program. I visited its office to learn more about its claims management and risk control resources.

Triangular Risk Management. Simple, high impact, unique, profitable. Give it a try. You will be amazed at the impact to your bottom line.

About the Author

Scott Addis, CPCU, CRA, CBWA is the CEO of Beyond Insurance and is recognized as an industry leader having been named a Philadelphia finalist for *Inc. Magazine's* "Entrepreneur of the Year" award as well as one of the "25 Most Innovative Agents in America." Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their practice to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed individuals and organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.