

## The Study.

During Q4 of 2015 I did the unthinkable. I got in my car and drove around Ohio to meet with as many insurance agents as I could. It turned out to be eye opening.

We met at coffee shops, had drinks, went to dinner, had one-on-ones, met at their offices or gyms, or whatever else they felt like doing. They were principles, multi-generation owners, CSRs, licensed producers, new agents and those who have been in the business for decades; owning huge books and small ones too. They were opinionated, shy, outgoing, salesy, sleazy, smooth, professional, and just about every other trait you can imagine.

It's amazing what you can learn from people during a simple conversation (which sometimes involve booze). Agents reading this will likely be nodding in agreement. Some asked for a signed NDA during our meet ups.

Although years of talk predicted that agents would go out of business, they are still the "boots on the ground" and own most of the customer relationships. Agents continue to provide insight where the carriers simply have none.

While reading this, you won't see things like "this is a relationship business", "holes in pricing", "contracts and kickers" or anything else that's been conditioned to sound like insurance talk.

## The Challenge.

Look, the bottom line is really simple. It's an "us versus them" mentality for an overwhelming amount of agents. There is no same-side and same-team unanimity.

The agents find themselves battling with the carriers on almost every issue raised. Whether it's appetite, commissions, profit sharing, claims, customer experience, or systems - everything is a negotiation or roadblock.

It's also true that a lot, and I mean a lot, of agents do not have a real understanding of how insurance works. They either don't understand or don't care about profitability, risk calculations, why things are the way they are, or the macroeconomics of insurance. This is part of the issue I hope will become more clear when addressing how we divided up the agency visits.

*Spoiler alert:* there are no recommendations or answers below. Nor is this a bash on carriers.

## The Findings.

We put agents into three categories;

- Those who want to grow and have the means to do so, whether financially, experience-wise or just the sheer desire.
- Those who are comfortable. They want to stay relevant and some growth would be nice, but they don't want to put in too much effort.
- And sadly, those that have no business being insurance professionals. They want to make a quick buck, are running their business into the ground and are difficult to reason with.

### *The Growers (not showers)*

They know they have to work with the carriers if they want to achieve their desired growth. They have found the sweet spot and write business where “least-resistance”, prices and payout align nicely. They want more from the carrier and often ask for custom integrations, better profit sharing and access to data. They understand the math game of it and are business-minded enough to leverage their skills. This group's biggest obstacle is that they get bunched in with the rest of the agent partners and are not really shown a faster lane.

Often, carrier interaction with these agents is focused on negotiating commissions, production numbers or upcoming retreats rather than on what the agents are really asking for - access to tools to make their business thrive. Carriers don't approach them with enough value-adds. Instead, the agent is left alone to find ways to be a better partner even though they are already a great one. Here's an example, agent X has been placing profitable business in multiple states with steady growth each year (excellent retention). He explained that his secret sauce was a partnership with a bank - not something added by a carrier. His territory manager only wants to discuss his future production numbers, old antiquated tricks and tools, and how Ohio falls flat - no new conversations around how the carrier can become a better partner for closing and retaining more of the bank business.

This agent is begging for a partnership. Agents want specialized tools and need guidance to use them. Even if the agents are too stubborn to take advantage of every opportunity they need to start somewhere and be in good hands (sorry Allstate, this just made sense here) to benefit from the carriers resources.

### *The “Comfortables”*

They're coasting on their existing book of business. They are frequently a multi-generational agency, typically self-sustaining-mediocre-goals. They want to grow, but don't know how. These agents have settled into a routine over the years, but with some guidance they have potential. They know the local market, they have great connections and are respected. They could win big if someone could help them get there.

The sad part with this group is that they do not understand the things that are available to them. They laugh at how broken and misappropriated some of the co-op funding really is saying things like “they don’t even know what they’re paying for”.

When it comes to The Comfortables they have been around long enough to see carriers and initiatives come and go. This group is even more distrusting of the carriers than The Growers, but they do little about it. For them, it’s about sustaining their business. They are conscious of how carrier changes affect their customers and they’re most interested in providing a comprehensive customer service than aggressively generating new business. They are not interested in going back to cold calling and selling, but they do value their profession and want to get consumers on the right path.

Carriers often lose out with these agents because getting a quote, especially for commercial, takes too long and is a cumbersome process. Remember, for The Comfortables, it’s about being an excellent customer advocate and not top line only.

This is, by far, the most misunderstood cohort. Some referred to themselves as “foot soldiers”. These agents are wondering why carriers won’t put forth the effort necessary to help in meaningful ways.

### *The Imposters*

I’m just gonna say it - these guys have no business in this industry. They give agents a bad name and have changed the game for everyone. They are the reason why carriers have turned their backs, cut co-ops, and reduced support and programs. It is difficult to identify them because they are good actors; they look like good agents and act like good agents, they even ask the right questions like good agents, but that does not make them the right agent. Carriers are having a hard time spotting these.

Even though I dreaded it every time, I knew in order to create this type of essay I needed to have conversations with them. And honestly, even I got fooled by a few of these imposters. Borrowing from other industries for a minute - GE has taught us to let go of the bottom 10%. Drop them and drop them fast.

## Bonus.

### *Some things they all share*

Most of the agent groups aren't interested in smaller accounts. And it's understandable, they make the most money with large accounts. But what about the small businesses or startups that can't get attention from the seasoned agents? They're finding coverage by other means or totally going without. These businesses stay on the books and the loss ratio is low. Plus, they'll inevitably grow. Some agents mentioned ways to work together on filling this hole, such as a proper routing to a carrier's internal team. A direct quote from an agent: *"As an agent, the largest challenge that I have is finding a broad pool of prospects that meet my target niche and have the potential to pass the underwriting criteria. From there, I have to collect an immense amount of data, much of it unstructured and sensitive, and then place it into a very structured environment to get the underwriter to buy off on it. Many times during the week I feel more like a librarian or secretary than a skilled agent due to the amount of data that I have to manage. Given the dearth of insurance data tools I frequently feel that the 'Dewey Decimal system' would be more efficient. After the policy is written, this data frequently dies and is not updated in a meaningful way. The skill behind selling insurance is being able to very quickly know where to place an account. Often times, this happens on the first interaction."*

*Side comment:* The hardest one for me to swallow is the comments around "a simple system to use". This is a monstrous undertaking. Sure, there are tools like agency management systems that can assist post sale, but pre-sale, to make a stranger a customer, that's a whole other story.

*A bit on the consumers:* customers will continue to value the trusted advisor. This is a relationship that will not fizzle away. It's true, the millennials want things instantly, but they still value an expert opinion. In fact, they may value expertise more than the generations before them. They just want it available instantly, in digital forms, in bite sizes, on their time. When asked if retail is dead, Les Wexner, the billionaire and inspiration behind Victoria's Secret, just pointed to the lines at the Apple Store.

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Draw your own conclusions, I'm just sharing the experiences.

This was co-authored by Ilya Bodner

A handwritten signature in black ink that reads "Ilya Bodner". The signature is written in a cursive, flowing style.

and the very talented Michael Thompson and Marc DeLeonibus