

The Independent Insurance Agent System

by Chris Burand

The independent insurance agent (IA) system is pretty darn basic. It is fundamentally about selling insurance.

It is not about:

- Joining an aggregator to make more commission without selling more insurance.
- Joining aggregators/clusters to have access to more companies.
- Divining coverages.
- Running agency management systems better.
- And for most, it is not even about marketing (niche programs are the possible exception).

The IA system is about selling, period. The other items are secondary.

A long, long time ago in a time where horses and buggies were still prevalent, insurance distribution was born. At that genesis, where it was determined insurance would be sold by agents, a fork in the road was created. One fork was for captive agents. That fork promised the carriers would be effective marketers, the agents would assist but mostly clients would come to them or the agents would call using the carriers' brands to gain an opportunity to quote. In return, those agents were paid less and had fewer options to offer clients.

The other fork stipulated agents do their own marketing and selling. Because these agents were too small to effectively market, the end result was these agents had to sell and the brand they were selling was them, personally. No one recognized the carriers they represented and the carriers did not do much advertising or marketing. In return, these agents were paid well, gained ownership of valuable assets (their books of business), and had access to many carriers enabling them to offer their clients many more choices. They could also service a much wider range of customers. These are obviously the IA's.

The IA's fundamentally are about making sales, one sale at a time. Period. Otherwise, IA's are not necessary. The entire model is based on an agent building one trusting relationship and then one sale at a time. The model is not designed to cause dozens of prospects to call the agency every day or ask for web based quotes. No trust exists in either of those scenarios and the IA system requires the client trust the agent and the agent trust the client to thrive. To leave that core strength is to endanger the entire model because captives, direct, and the web can all make sales without trust far more cheaply and effectively than independent agents can ever hope to do.

I meet agency owners and company people regularly who are repelled by the thought of selling. They think selling is an awful, disingenuous manipulation of the consumer regardless of whether the consumer benefits. They truly believe selling is unethical. To sell is to cross the line into unethical

territory. These well-meaning folks truly need to find a different career or start believing in the benefits of selling because otherwise, they are a true mismatch.

I meet others who are truly scared of selling. I and probably most people that readily admit we're in sales get that. Everyone, mostly, has some fear of rejection when selling but some can push through that fear and others cannot.

Unfortunately, the anti-sales people are combining more and more with the scared-of-sales people to push IA's into marketing. Marketing, in so many ways, is for sissies. Marketing provides a cover behind which personal accountability can hide. In sales, a person either makes the sale or does not make the sale and everyone knows whether the sale was made or not. In marketing, if sales don't happen, there are delays between introducing the marketing and sales (if sales do happen) and marketing campaigns are almost always feel-good group endeavors so personal responsibility is limited. Marketing, when it works, is designed to cause the consumer to call the retailer (or the retailer calling the wholesaler). This makes those in the "sales is unethical" camp feel better about themselves because if the consumer calls the agency, the agency does not have to sell and therefore, does not have to engage in unethical behavior. It is even better if the customer buys insurance on a web-based platform because that is proof the purchase is entirely the client's initiative and no selling is involved.

I am not being cynical or sarcastic. I am simply repeating what these people have told me.

The more people who want to rely on marketing whether within the IA footprint or with captives, online distributors, or direct writers, the more opportunity is created for people willing to stay true to the fundamental heart of the IA model and build one trusting relationship at a time. Part of building trusting relationships depends upon the agent working with the consumer to identify that person's or that company's individual risks and exposures and building coverages specifically for them. Every policy should be custom built and a large portion of the public wants this. They do not always know enough about insurance to articulate their desires but they truly do want agents to take the time to learn about their companies with them. A good salesperson will not abandon this market. It is large. It is lucrative. It has higher profit margins and higher retention if managed well.

Furthermore, customizing coverages provides one of the best chances on earth to help protect lives, businesses, and jobs and rebuild lives, businesses, and jobs after a loss. By selling, a producer has a rare opportunity to make a huge difference in their clients' lives. Hardly any professions exist where such a huge difference can be made and of the ones that do exist, being a selling insurance agent may pay the best. It is a convergence of the best of all worlds. The chance to do good by selling far exceeds any good done by people that want to market because they think selling is dirty.

For true success and our clients' best interests, it is imperative for independent agents to stay honest to the IA model. Sell one trusting relationship at a time that customizes coverages and solutions for each individual client.

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