



Navigating the Hard Market

HOW INDEPENDENT AGENTS ARE REACTING

Survey Methodology



- ▶ Sent via email to verified agents who downloaded the toolkit (selection of 2564)
- ▶ 225 responses - 8.5% response rate

Survey Respondent Profile

Size:

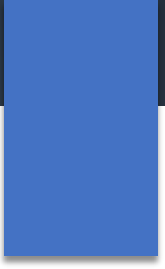
- 60% have fewer than 10 employees
- 22% have 10-25 employees
- 18 % more than 25 employees

Time in industry:

- 52% in business for over 21 years
- 19% 11 -20 years
- 14% 5-10 years
- 15% Less than 5 years

Lines of Business:

- 70% sell both commercial and personal lines
- 16% personal only
- 14% commercial only
- 42% in catastrophe-prone areas, 11% unsure



Insurance agents are feeling the pressure in the current hard market, with increased rates and decreased capacity.

How are you
handling these
challenging
times?

“Reminding the team that we aren't alone and reassuring them that it will get better at some point, at least I hope so! We now have a bell in the office for agents to ring when they write a policy, not matter how small the premium is, just trying to make the agents feel good about what production we do write.”

“Trying to keep morale high, but I cannot keep employees, they are either unable to meet the metrics and quality standards we set, or ghosting us, or finding another job with more pay.”

“With laughter and lots of high fives, it is really frustrating”

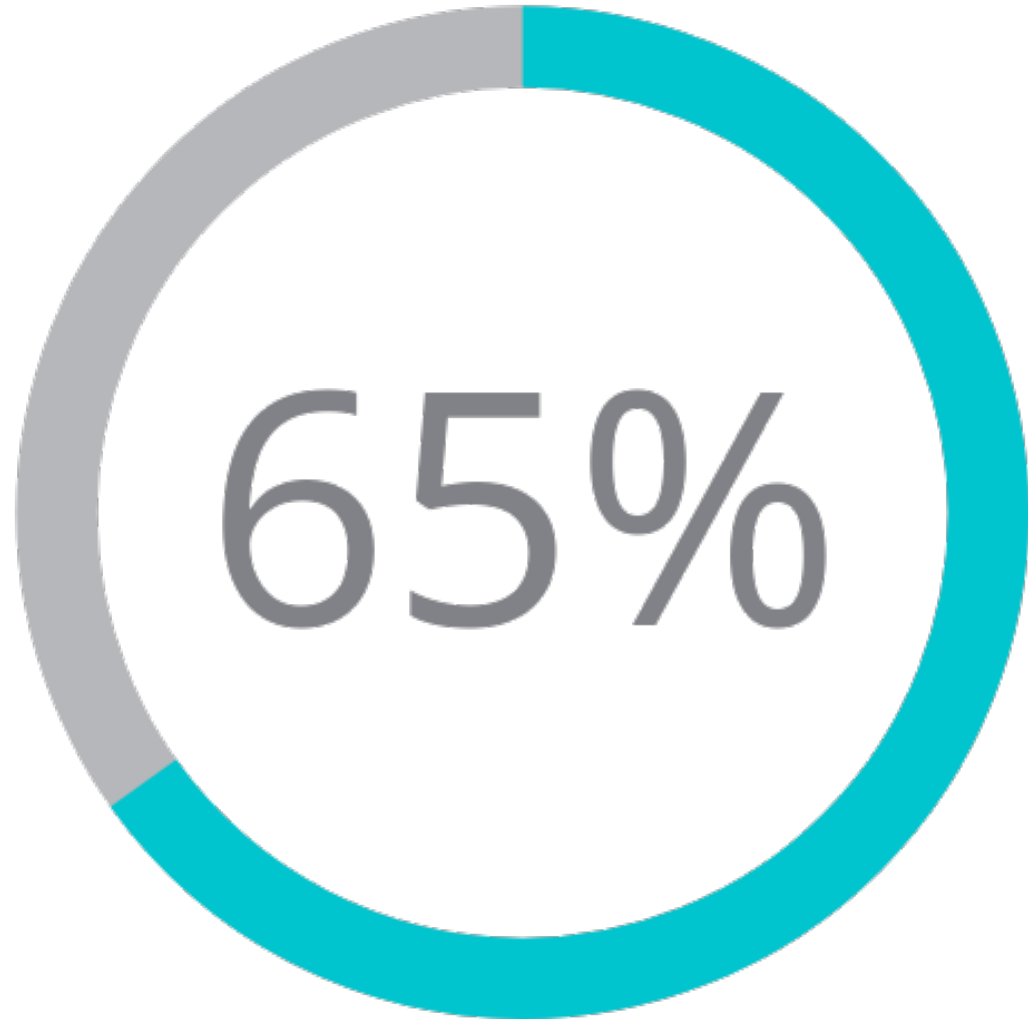
“Just trying to make a living and survive”

IMPACT ON AGENTS

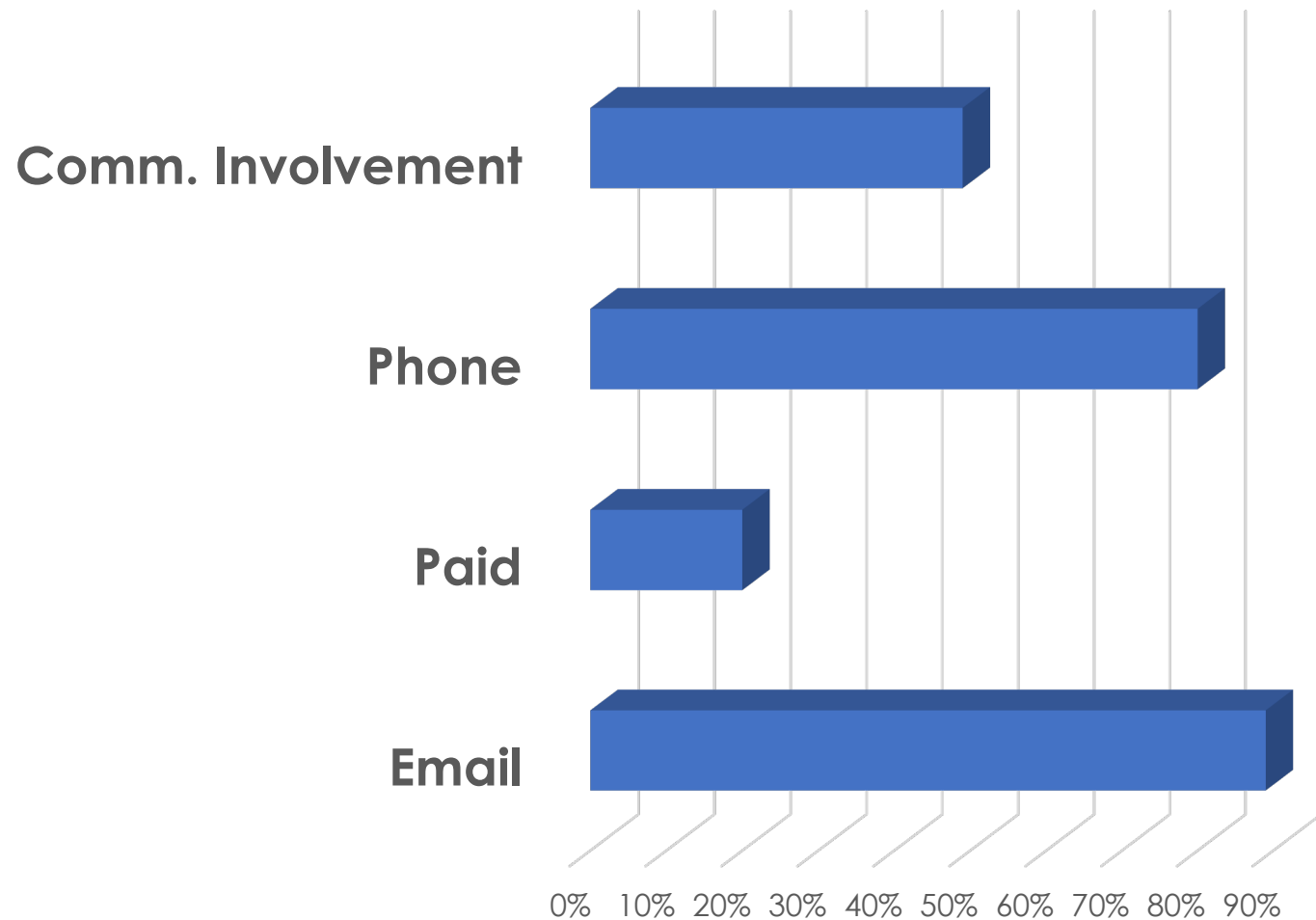
Independent agents are adapting to a hard market by finding new ways to add value to their customers and building strong relationships with carriers.



Agents are Rethinking Their Communication



Increased
Communication
to policyholders




Have you
Increased
Communication
based on the
Hard Market?

How agencies are adapting:

75% of agents
have offered more
educational
content to clients

57% of agents
have changed the
tone of their
communications
for this environment



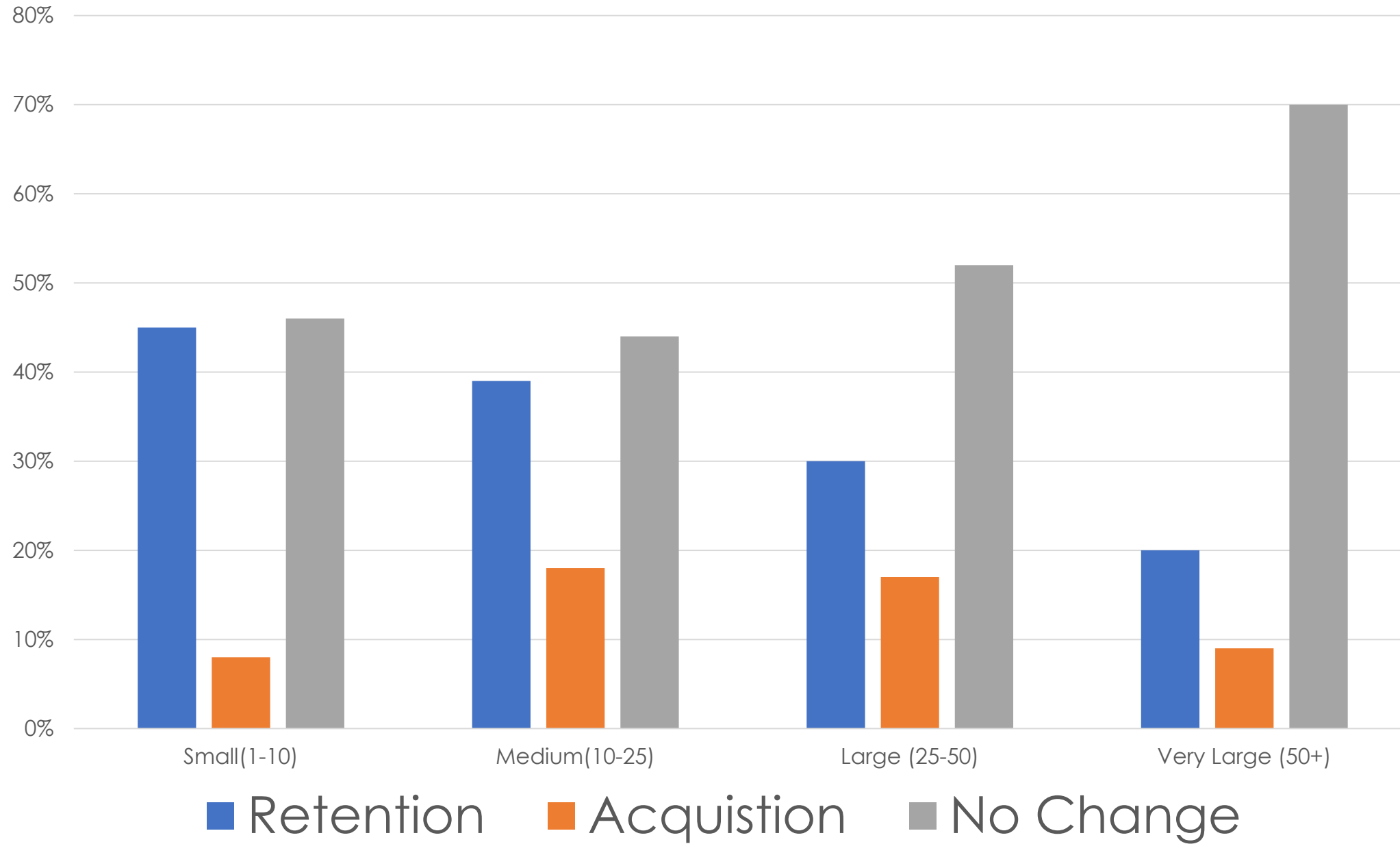
This is your time to shine. You need to have a defensive and offensive strategy in your office — defensive in that you need to set up processes to retain clients. Your offensive strategy is to increase your marketing. When the market is disrupted, it is an ideal time to make sure you are very visible. Whatever strategies work for your agency — double down.”

— **Michelle O'Connor**, President
O'Connor Insurance Associates | North Carolina



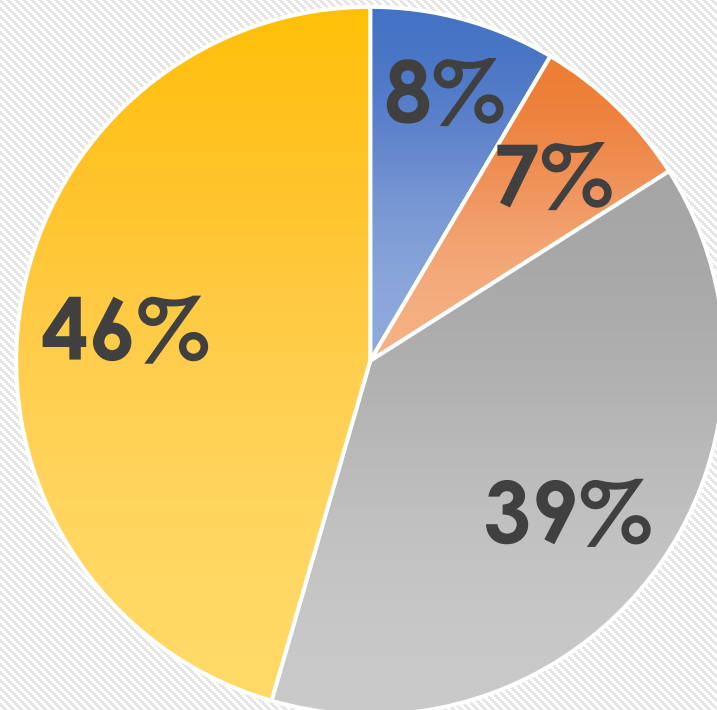
Agents Are Thinking About Retention vs. Acquisition

Have you Shifted Your Focus? Retention/Acquisition



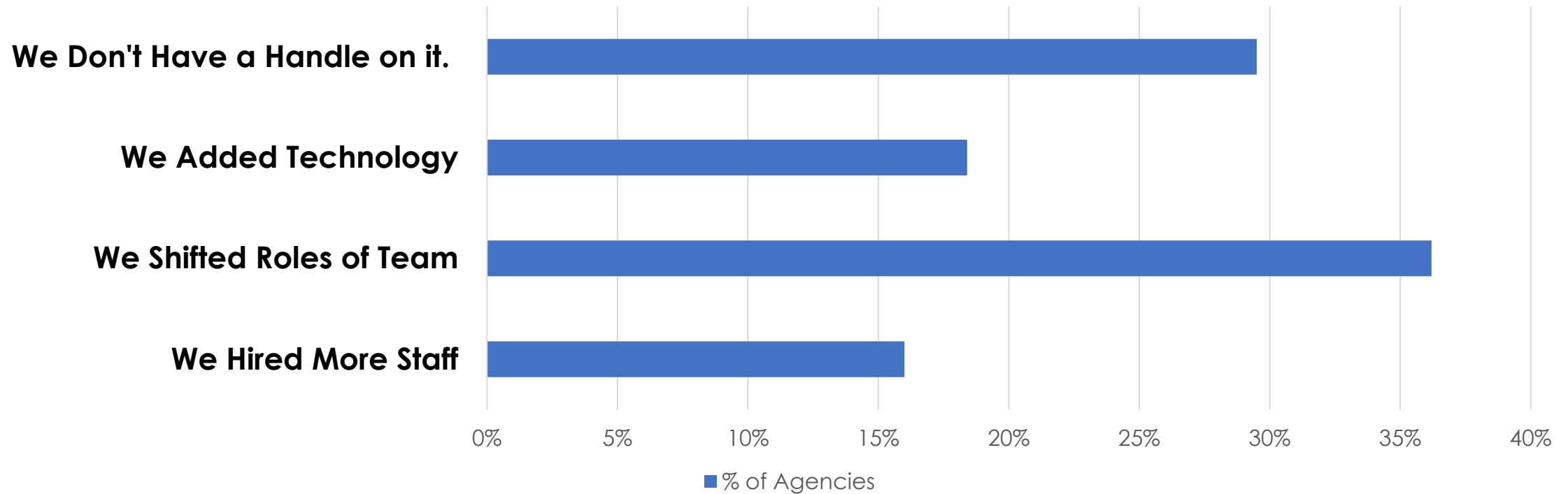
Some Are Seeking Internal Efficiencies

Have you refocused your team to prioritize accounts?



- By Size of Account
- Complexity of Account
- By Largest Impact to Client
- I Have Not

How are you managing increased demand or inquiries from clients during the hard market?



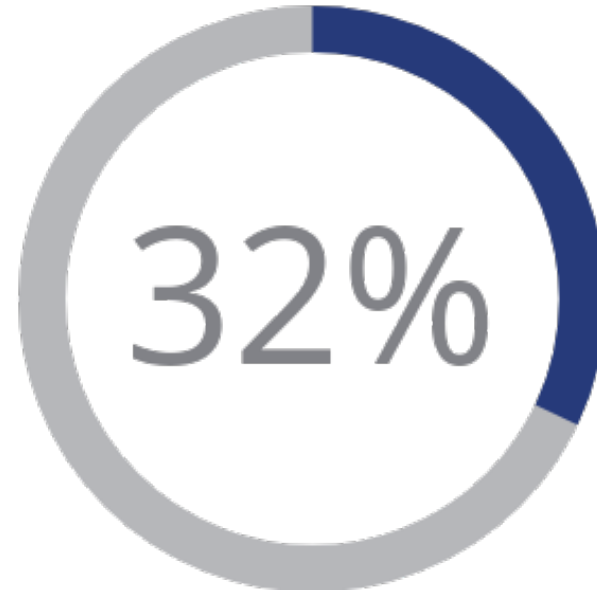


Agents Are Thinking About Technology

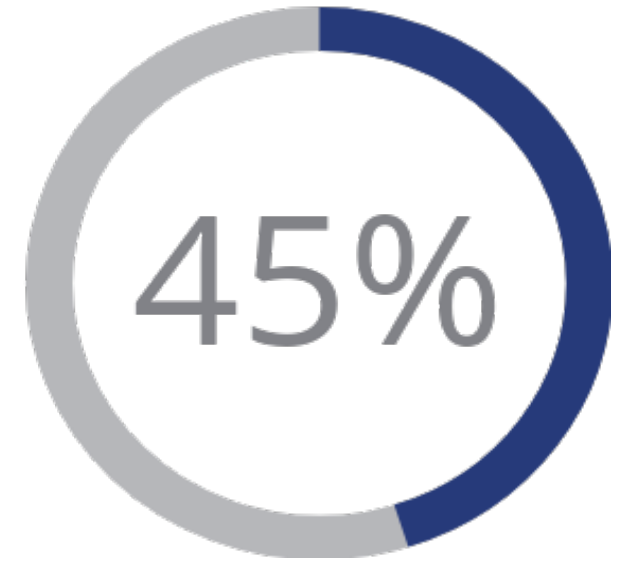
What Technology Have You Added in This Market?

- ▶ Those that have added technology have added:
 - ▶ Automation – 13%
 - ▶ Agency Management – 10%
 - ▶ Website Upgrade – 10%
 - ▶ Email Systems- 6%
 - ▶ Quoter- 6%
 - ▶ Lead Generation – 1%

Agency's Have
Added
Technology



Small Agencies
1-10



Large Agencies
25 +

How has Technology Supported your Agency in Navigating the Hard Market?

Using automated email messages for new and existing client.

Just starting using Zoom

Using our agency management system more, increasing usage and added a CRM.

Technology has helped automate processes that once demanded staff time.

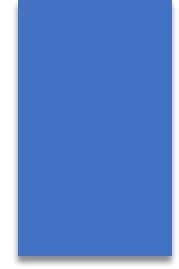
Poorly! The more we computerize, the more work we have to do.

Can't think of way it has helped.

A dark blue banner with a white tab on the right side. The banner contains the text "Agents are Trying to Keep Team Morale High" in white, sans-serif font.

Agents are Trying to
Keep Team Morale High

How are you maintaining team morale and motivation?



“Recognizing that many of my staff haven’t been through a hard market before, we encourage our agents to talk about conversations with clients to continue to improve and learn from others via role play. As agency principals we have also given our team the power to “fire” a client if necessary.”

“We have team lunches everyday to make sure we are on the same page as well as team incentives”

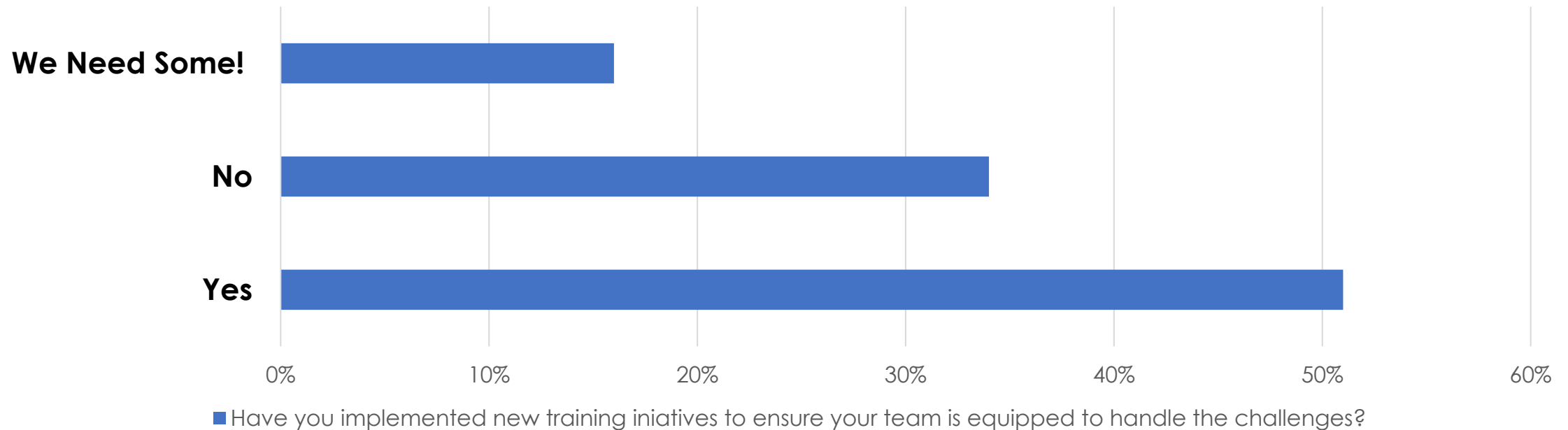
“Keep the client's struggles in mind when working with them. We have streamlined our platforms and carriers to work smarter and not harder. Offering incentive bonus to keep grinding. Introduced one team meeting a month where the primary function is for team building by having fun.”

“ Not at all. It hasn't hit the sales agents that retention is more important than ever. It's fallen on two licensed CSRs to do all the retention work.”

“It is hard. Not going very well”

“Small office with owner/agent and 4 employees. We talk everyday and share our thoughts and info we find helpful.”

Have you implemented new training initiatives to ensure your team is equipped to handle the challenges?





Agencies are Getting
Creative

Providing Solutions



- ▶ FOR EXAMPLE, one agent had a long-standing liquor store account that he wrote under a packaged policy through a single carrier. At renewal, the incumbent carrier changed its underwriting appetite, and, as a result, he could no longer offer a packaged policy.
- ▶ Although it required extra work to place similar coverage in the current market, McClung agency used three different insurance companies to write the liability and property coverages.

Evolving with the market

“Ten years ago, we could take a more consultative approach, with most clients just paying their premium and assuming their coverage was what it needed to be. Now clients come to us with a lot of questions. They want to understand the increases, deductibles and changes in coverage. Most of all, they want to know how they can save money, and they ask us to remarket their policy much more often than they did in the past.”

RESPONSE TO HARD MARKET

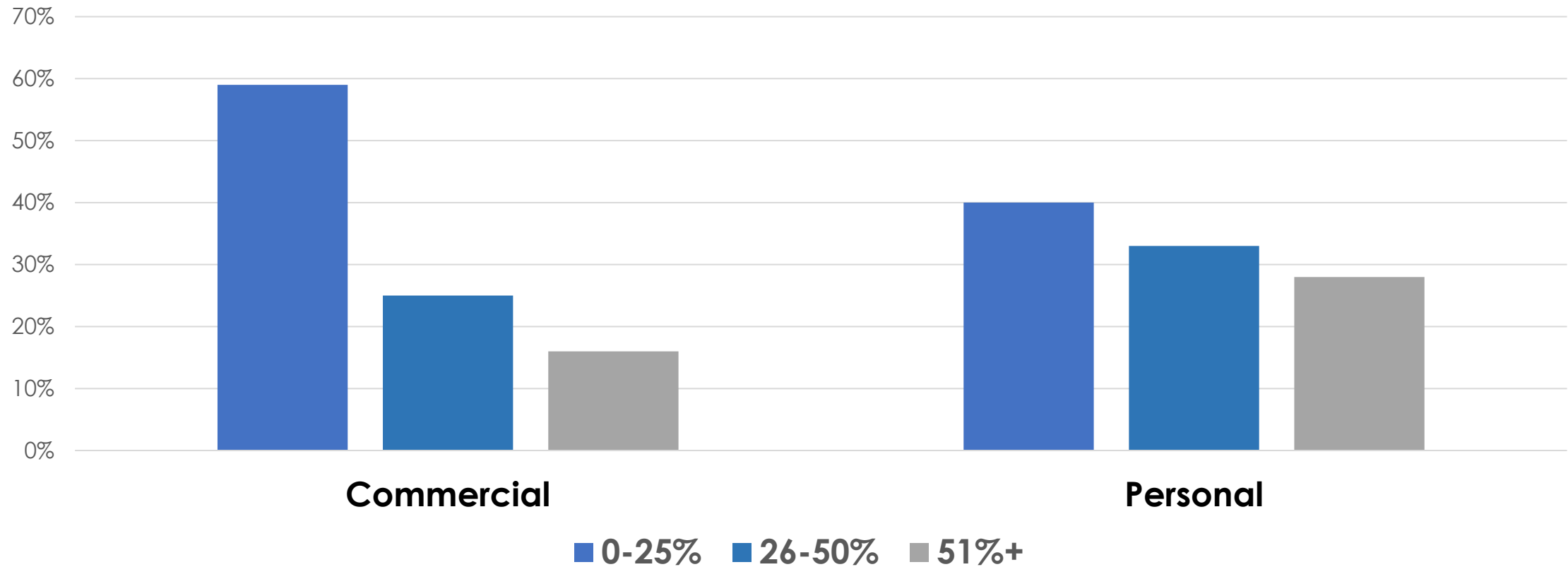


- ▶ While remarketing a policy may seem to be the best path to lower costs, the agency knows there are inherent risks. “When the primary motivation is saving money, we have to explain what they may be giving up just to save premium dollars.”
- ▶ “We shift focus from what they’re paying to specific coverage concerns and what they may be giving up in exchange for a lower premium.”
- ▶ One outcome of changing to a new carrier can be home inspections that result in a list of required repairs for maintaining coverage. “That’s enough for most clients to keep coverage where it is,” says the manager.



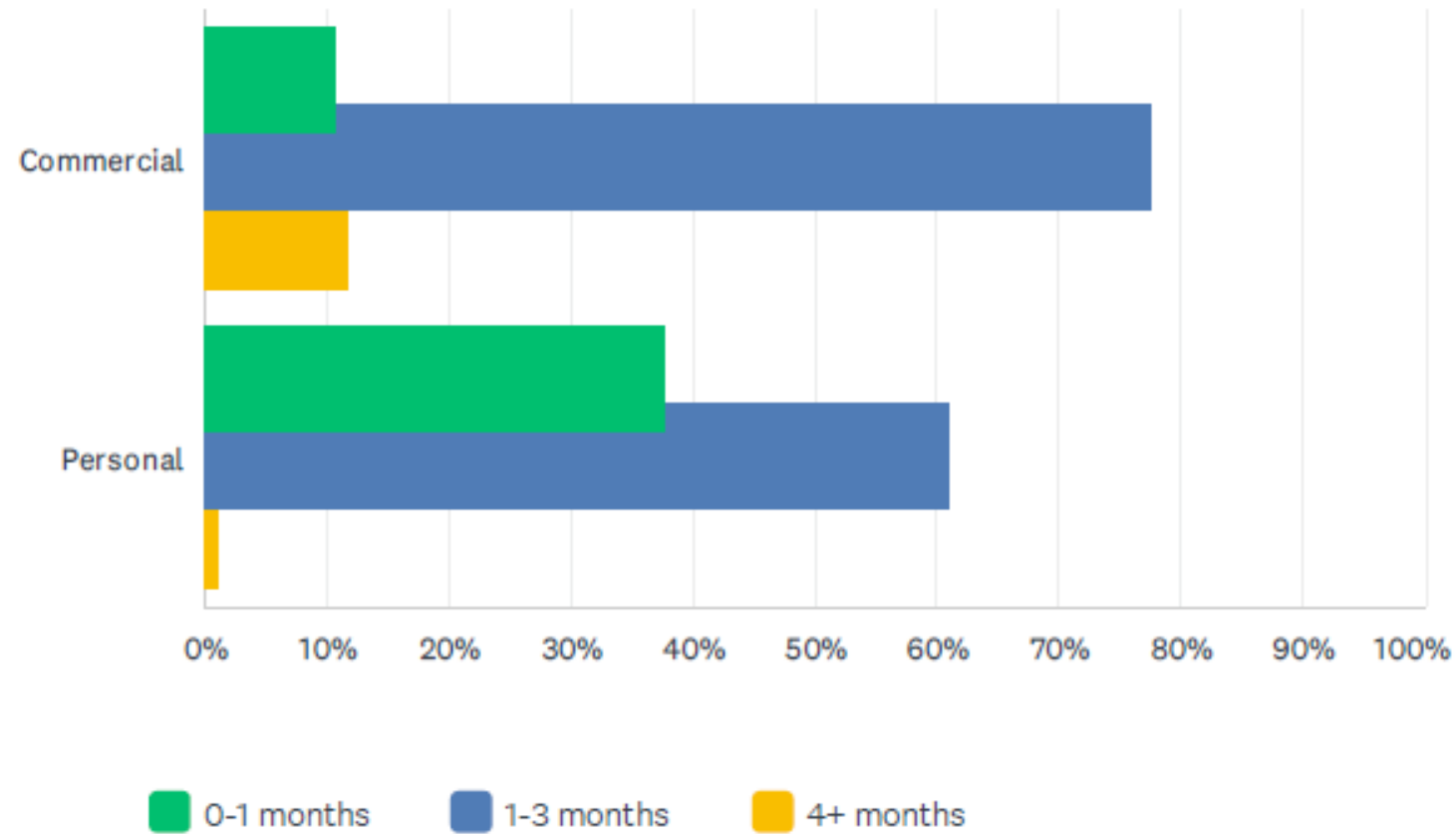
Agents Are Thinking About
Their Remarketing Strategy

% of Clients being Remarketed

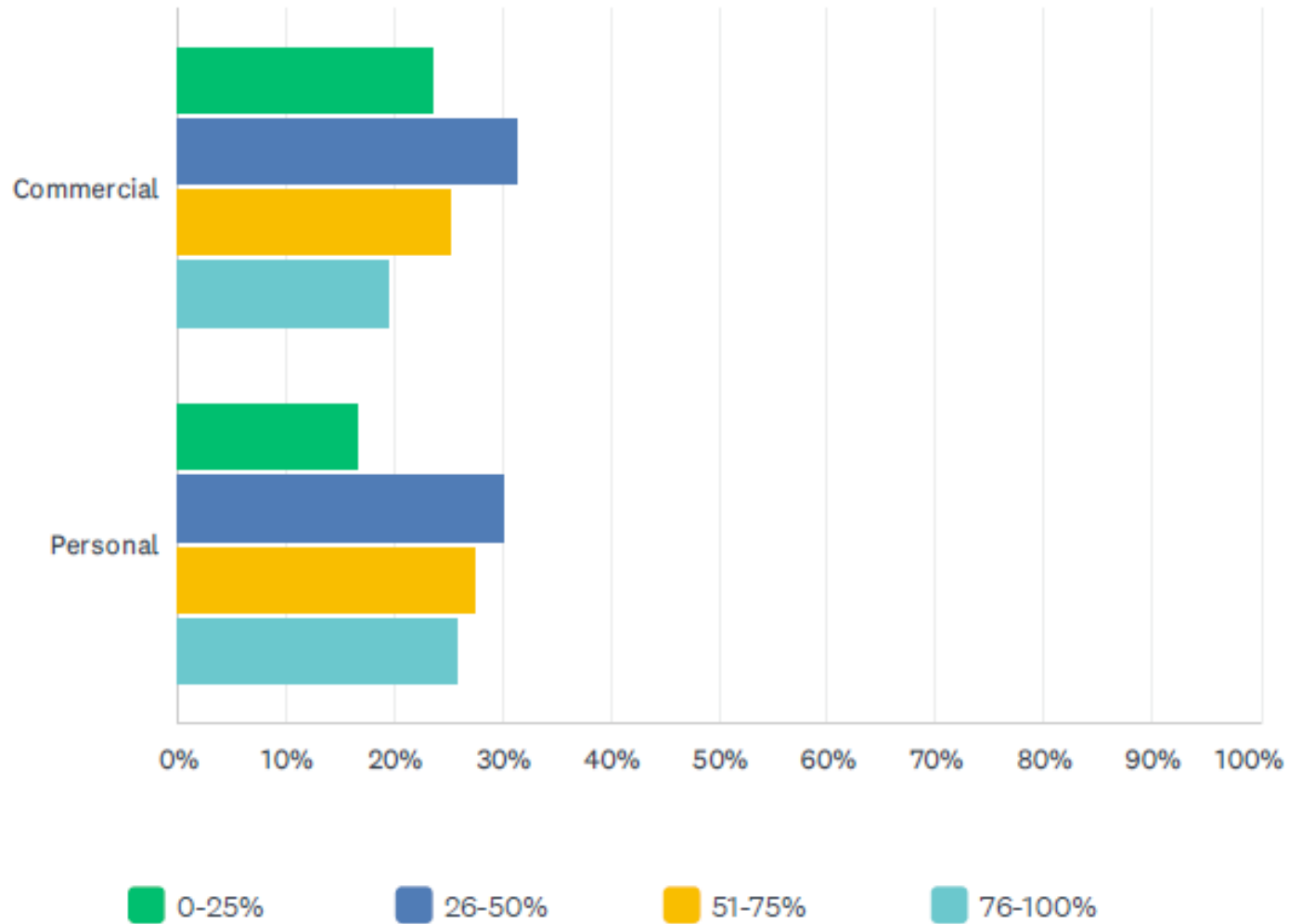




Renewals are Getting Longer

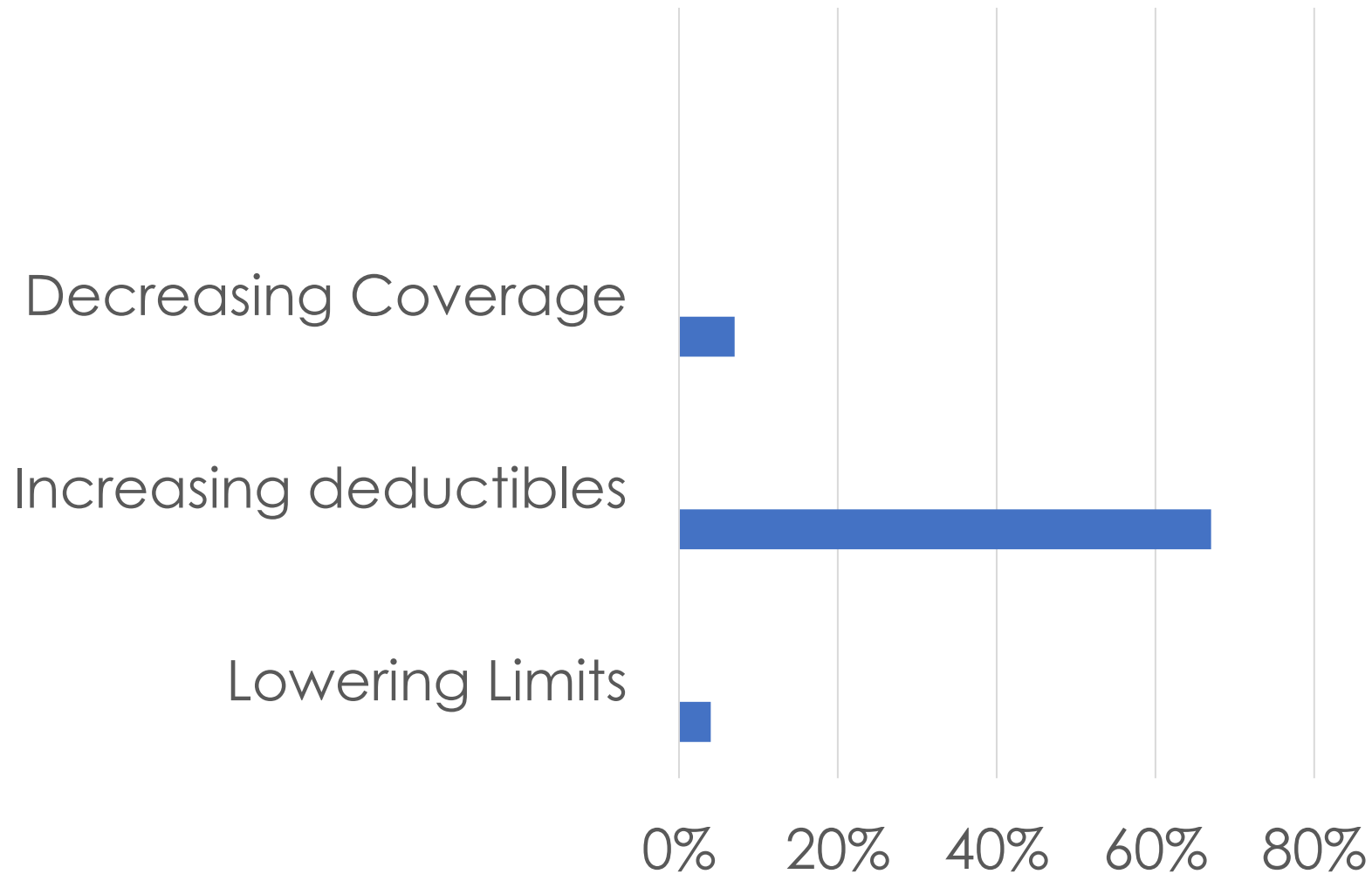


How Far in Advance Agencies Are Working on Renewals



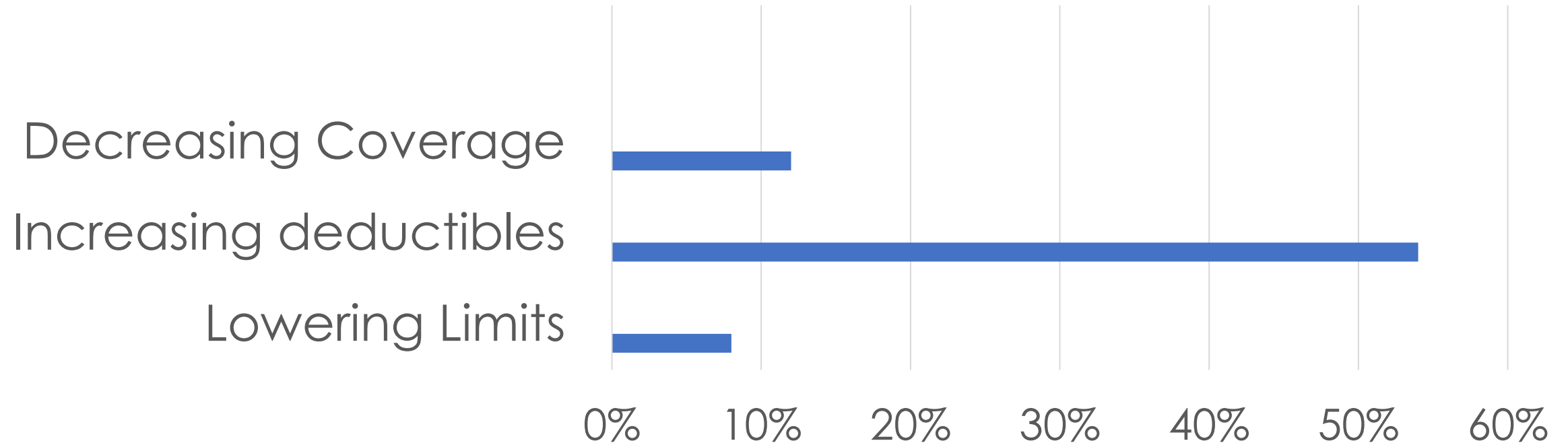
% of Staff
Time
Working on
Renewals


How Clients Are Reacting



Personal Lines- How Are Clients Adjusting Policies?

Commercial Lines- How Are Clients Adjusting Policies?





The bottom line? “Most of my clients are not reducing coverage,” one agent responded, “[they’re] just complaining about the rate increases.”

Four Key Reasons for Losing Commercial Accounts

Clients found lower premiums elsewhere — 47%

The agent couldn't find a market for the client — 34%

The carrier imposed new restrictions on the coverage for the client — 25%

The carrier would not renew the coverage — 25%

Losing Personal
Lines Accounts

70%

Said client was able to find a lower
premium elsewhere.



Looking Ahead

Can't be complacent:

One agent, Annemarie Westerfield, points out that the current market challenges have taught her that no matter how long you are in the business, there will always be the possibility of dramatic and drastic change. So, you can't get complacent. "This market is reminding us how technical this business really is and how on top of things we really need to be. I think we lost a little bit of that in the soft market," she notes.

Independent agents are adapting to the hard market by increasing communications, leveraging technology, and providing value-added services.

But they need our help.

“We all want to be able to come back to the table when the hard market is over and say we rode it out together. This too shall pass.”

Thank You