

How Independent Agents Can Build a Small-Business Specialty

By: Steve Tombarelli

Why should independent agents get into the small-business market? In a word, opportunity.

The small-business market in commercial lines is underserved and can help agents create a profitable, stable business and deepen their client relationships. That's just one reason why competitive independent agents now offer both personal and commercial lines as standard practice.

Start by getting the training you need to fully understand the most common commercial products, such as businessowners policies (BOP), property, general liability and commercial auto. Doing so will give you the confidence to sell these products and answer questions for your clients.

Once you are well-versed in small-business products, you will want to build a list of businesses you would like to win as clients. How do you do that? Start with your current book of business. Of your personal insurance clients, who owns small businesses? Home businesses and side hustles are quite common these days, whether people want to increase retirement savings or

turn their hobby into a lucrative opportunity. Ask your current clients if they operate a small business and then market your products with further conversation.

Have your small-business prospects purchased a BOP policy? The BOP policy has similar characteristics to a homeowners policy with set coverages and limits, so be prepared to help them understand their risks and upgrade as they grow: Understand the client's business, develop the relationship and coach the client on exposures they have. Eliminate surprises or coverage gaps, and the client will be more inclined to hear how their insurance coverage will evolve in the future.

Once you are well versed in the basics of selling commercial lines, ask yourself about your favorite part of the local business community — what do you know well and who do you want to work with most in the future? It may be not-for-profits, the trades, retail shops, restaurants, banks, gyms, health spas, specialty foods, garages, doctor's offices, etc. Introduce yourself to this sector and get to know the business owners by name.

Another approach is to study the markets today and align yourself with growing areas. Concentrating all of your marketing efforts on a small but specific and well-defined segment of business will help you target your message to that audience. If you want to create a niche market, get to know that industry inside and out, so as a company grows, you can suggest additional products to ensure all of its business is covered. As you study your community in-depth, notice which businesses are using or requiring insurance for new technology as these investments are significant and will need to be covered too.

Serving Unmet Needs

Many small businesses fail to insure themselves adequately or plan for their own continuity. Some small-business owners think personal insurance is enough to run a home-based business, while others just don't want to spend the money or insure themselves enough to cover their business's current value.

It was recently cited on Bizjournals.com that "75% of businesses in the U.S are underinsured by 40% or more," according to Marshall & Swift/Boeckh. According to the Insurance Infor-

mation Institute (III), about 40% percent of small-business owners have no insurance at all.

Be sure to ask your clients when they last had their business valued so the products you recommend provide sufficient coverage under any circumstance.

What's New in Specialty Markets

Half the specialty markets these days are centered around technology and its integration with businesses of all kinds. The other specialty markets focus on extended coverage for employment practices and increased coverage to protect small-business owners from ballooning lawsuits. New exposures are entering the insurance marketplace constantly, and your clients need to be made aware of them. Here are some of the important ones today:

Cyber Liability: Most businesses are now taking credit card transactions on multiple devices, over a mobile phone, tablet, etc. Customer data can be stolen, smart phones can be lost, and these incidents can create a data breach that could lead to an expensive cyber liability claim. Optional endorsements to the standard BOP covering data breaches, data replacement and restoration, cyber extortion and business interruption are growing, according to the III.

Employment Practices: If a business has employees, it is not too small to be subject to an employment practices liability insurance (EPLI) lawsuit — and third party/EPLI is becoming much more relevant. In 2017, Hiscox reported that U.S.-based companies have just over a 10% chance of having an employment charge filed against them.

Umbrella Coverage and Higher Limits: Lawsuits are increasing, and higher judgments are increasing the need for umbrella policies. Some examples include: general liability, employer's liability and auto liability insurance.

Drone Coverage: Photographers and home inspection companies are using drones in their businesses. These unmanned aerial systems can save businesses money but can also result in claims related to invasion of privacy, bodily injury, property damage and more.

Insurance carrier access has increased both in the standard and specialty markets. It is important for an agent to understand the carriers they are using and make sure the coverages meet the needs of their clients. If you are replacing coverage with a new carrier, be sure to check that there are no gaps created by the change. It's nice to have wide car-

rier access, but thorough education and understanding of the policies is critical, too.

Use Marketing to Gain a Competitive Advantage

Once you know your target audience, let everyone know about your expanded product availability. Brand yourself as a personal and commercial lines agent with new content on your website, social media platforms, audio and video messaging and print materials. Distribute new messaging to your client base and throughout the community. Be sure to sponsor local events as well with a new message and new client testimonials. Connect with your local chamber of commerce to host a business-after-hours event or welcome new and existing clients over for an open house.

Do your homework and take all the right steps to create a name for yourself in the small-business market. After your name and reputation are out there, current clients and new prospects will take notice, and your business will be made much stronger and more relevant because of it. ■

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