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Differentiate in the hard market

Find more opportunities by specializing

Insurance is a business of opportunity, but when conditions like a hard market take hold, opportunities can seem limited. However, even in today's hard market, opportunities await the enterprising and steadfast independent insurance agent.

Agents who are willing to seize opportunity in today's market can find ways to grow their businesses. The industry is seeing exclusive agency channels contracting, and direct channels leveling off—while technological advancements are creating a more equal playing field across the insurance distribution system. Simultaneously, clients are recognizing the value an independent agent brings to the process in terms of expertise and coverage options. Due to this and other factors, the independent agency channel is experiencing growth in terms of premium and the number of agencies.

Still, independent agents are grappling with ongoing challenges impacting their businesses. Insurance company appetites are posing a challenge as carriers will not write policies in certain areas, limiting agents' options. Consumer buying habits also are changing in both personal and commercial insurance, calling upon agents and their staff to have a deeper understanding of market conditions. And, staffing remains an obstacle as agents struggle to attract and retain talent.

While the challenges independent agents face do not have a one-size-fits-all solution, opportunity lies in diversification. To manage market shifts and hurdles, agents should look to diversify their product and service offerings and to expand into specialties.

The keys to niche market success

In recent years, we saw that personal lines entered the hard market more quickly and rebounded more slowly than commercial lines. Having a balanced book of business with both personal and commercial lines, depending on the market cycles, can enable agents to generate revenue and clientele to maintain, and possibly to grow, their agencies—even in undesirable conditions. In addition to strategies like cross-selling and upselling or expanding to new geographic areas, independent agents should explore how niche markets can add revenue streams to their agencies, expand their clientele and offer staff new opportunities.

Exploring niche markets requires some preliminary work with potentially sizeable returns for agents who are invested in seeking out and following through on opportunities. Consider the following best practices to help those who are interested in adding a niche to their book of business:

Do the research. Agents should narrow down a list of specialties to about two or three options. That way they can account for any market shifts. Research might include using online and peer resources to scope out how much opportunity is in a particular niche, how popular it is within an agency's geographical limitations, what service needs would be involved and how much additional opportunity there is once an agent is comfortable in the niche. For example, in the restaurant niche, agents might find additional opportunities with commercial kitchen equipment manufacturers and/or linen supply companies. Industry colleagues will be a crucial source of information to understand market potential and popular niches in an agent's location. Agents also should identify the carriers that are writing and supporting a particular niche—ideally two to three—to ensure they are aligned with a carrier partner that is well-versed in the space and can be a resource. Carrier resources and relationships will have a huge impact on agents' ability to familiarize themselves with a niche, and market it properly.

Competition is another key factor agents should consider in their specialty search. One niche may seem like it has considerable client potential, but several agencies in an area may have saturated the market. It is vital to understand how competitors are performing, and which carriers are supporting them.

Get involved. When trying to enter a new niche, relationships are paramount. Agents should seek out the organizations and groups that support a particular niche, join them and most importantly, get involved to demonstrate the value of the agency in those communities. For example, if agents are interested in exploring the restaurant industry, they should consider joining their local restaurant association or restaurant-owner networking group.

Agents should prioritize finding ways to get in front of decision-makers—including business owners or executives—within the sector. Too often, agents join such groups for the sole purpose of gaining access to their list of members, when they should be joining committees and boards, interacting with members and showcasing their expertise when appropriate. When members see agents participating in an organization, it helps the agents stake their claim as a resource in the community as more than salespeople.

Prepare your team. It can take time to be fully ready to brand your agency as an expert in a particular specialty, and doing so too soon can harm an agency's reputation. Agents should prepare their teams by ensuring they are aware of carrier

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relationships, know what is expected of them in terms of the service provided, have time to understand the market and more. Consistent branding is another important factor for agents to ensure clients see that staff are aligned with one another, the carriers they work with and the agency.

Carriers will be an invaluable resource in getting staff up to speed on a niche, as many offer training, seminars and guides. There also may be training resources available via third-party organizations specializing in the space, and industry organizations worth exploring.

One of the most significant mistakes agents make when adding niches to their businesses is not educating their teams about them. These agents are often ill-equipped to manage the incoming business, answer questions comfortably and maintain consistency. Taking the time to prepare as an agency can help ensure new clients have a positive first impression of the business, and current clients are not left behind. And remember, training within an independent

insurance agency will be an ongoing process. Regular check-ins with team members—especially while they get familiar with a new niche market—can help identify areas they may need more training on or help communicating with clients.

Keeping changes smooth

Adding a new service offering to an agency will likely come with some growing pains while staff get acquainted with the new business. A communications and marketing plan can help team members maintain contact with clients to ensure none are neglected while staff onboards a new niche business. A plan might include sending informational emails with market updates or offering check-in meetings on a regular cadence to ensure touchpoint opportunities. Social media also is an important medium, as agencies can showcase how they are involved in the community, share industry news and highlight charitable endeavors that help them maintain a connection with clients. A planned schedule can help agents stay ahead of their social-media accounts, and strategize posts to address client needs.

Beyond checking in with clients, agents should make certain their customer service representatives are prepared to sell to existing customers. When any staff member talks to a client, he or she should explore for additional needs and potential coverage options. Agents should never underestimate the growth potential of their current client base when bringing a new niche into an agency. Clients who own businesses or participate in niche-oriented communities might not actively share aspects of their life that do not relate to the services their agents have provided historically. Talking points can be a helpful tool for staff to prompt questions and dig a bit deeper with clients on the phone.

Existing clients also can be a key source of referrals within a niche community—if they have influence in their segment. For example, if a particular client has a good relationship with an agency for his or her personal insurance needs, he or she has a reason to trust the agent and the staff. Agents

should ensure their team members are fostering relationships with their existing clients and considering potential referral opportunities.

New spaces, new business

There is a world of new business to be written out there for innovative agents willing to invest in their agencies and look to the future. Adding a niche market with the backing of expert carriers and informed and consistent team members could be exactly what an agency needs to power its future. 🏡

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