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More Than a Rearview Mirror: How Business Intelligence Can Inform Decision Making at Independent Agencies

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Guesswork is costly in business, and for the busy independent insurance agent who is navigating shifting market conditions and increased competition, precision is key. That is where business intelligence serves as a bridge between an idea and informed action. Still, many agents are operating somewhat blind in terms of data and analytics even with the use of technology. Data and business analytics are too often viewed as a rearview mirror, or a reporting tool to understand an agency's past. In reality, business intelligence can inform a forward-looking strategy and set an independent insurance agency on the track for success.

Why Business Intelligence Matters

Business intelligence can reveal insights on how an agency is performing, client sentiment and opportunities for growth. Leveraging this information allows agents to shift from a reactive mindset to a proactive one, anticipating what will happen in order to make more informed decisions. There are clear benefits to utilizing business intelligence;

consider the following five ways business intelligence drives agency growth:

- 1. Efficiency Gains:** Used productively, business intelligence can offer significant efficiency returns. The real value of data analytics is understanding what is likely to happen in an agency, predicting future performance and using that information to inform decision making. Additionally, giving agency staff access to relevant, well maintained data analytics will allow them to make more strategic decisions, maximizing their impact in terms of resource allocation, renewal processes, sales strategies and more.
- 2. Client Retention:** One of an independent agency's biggest challenges is client retention. It is all too easy for existing clients to fall under the radar while agents are busy bringing in new business, especially when rates are volatile. However, client retention is a crucial part of building an independent agency with profitability and longevity. Business intelligence can help agents identify at-risk accounts before clients

seek out an alternative agent. Flagging these accounts allows agents to properly service them and make a plan to move forward more effectively. Business intelligence also enables agents to segment their books of business by region, product line and communication preferences to personalize outreach.

- 3. Profitable Growth:** While most agencies prioritize chasing new business, there is a fine line between an all-in approach and a strategic one. What differentiates a truly successful agency is its ability to zero in on select, profitable business, rather than simply accepting all new business opportunities. Data intelligence can help agents identify high-margin opportunities as well as those that may heavily drain an agency's resources. By harnessing relevant data and making it available to staff, they can shift their mindset from selling more policies to selling effective policies.
- 4. Stronger Carrier Relationships:** Carrier relationships are a main

driver of sustainable business for an independent agency, and agents' relationships with them are paramount. Traditionally, carriers provide agencies with data, sales best practices, marketing materials and more. If an agency is armed with its own data and business analytics processes, better programs, marketing campaigns and products can be built for the agency's clients. This self-sufficiency and tailored approach to an agency's clients will aid in developing stronger partnerships with carriers.

- 5. **Benchmarking:** While an agency's data will report on factors such as how many policies are sold, if an agency does not have a gauge of how that data compares to other agencies, it loses some value. Business intelligence allows agencies to compare key metrics, such as revenue per policy, policies per client and retention rates to spot operational strengths and weaknesses, providing a benchmark for performance and opportunities for growth.

Getting Started with Business Intelligence

The benefits of business intelligence are clear. However, data analytics can be an overwhelming task in an already busy independent insurance agency. From maintaining quality, consistent data and integrating tech tools for contextual data, to cultural pushback from team members and the skills and costs necessary to build an effective approach to business intelligence, it can be daunting. The truth is, business intelligence is a journey that, when done right, never really ends. Once an agency has a system in place to maintain and leverage data and business intelligence, the process gets easier, but it will always require some level of effort.

Still, agents should not be frightened by the power or effort required of business

intelligence. By starting now, agents can develop an evolving approach to data analytics that will benefit their business for years to come. Consider a few of the following tips to begin an agency's business intelligence journey:

- **Start Small:** While there are many aspects of an agency that can benefit from business intelligence, agents do not have to address them all at once. They should start with one challenge their agency is facing, such as renewals, for example, and explore how data and business intelligence can provide solutions. Once an agent is able to prove their value in addressing said challenge, they can move on to another and expand.

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- **Encourage Cultural Buy-In:** For business intelligence to be effective, everyone working at the agency needs to be committed to understanding, maintaining and leveraging it. Agency leadership should test it, incorporate any learnings and incentivize agents and staff who use it effectively for the sake of the business. Absent an entire team's commitment to business intelligence, agents run the risk of their team overlooking what the data is telling them, leading to uninformed decision making.
- **Transparency Builds Trust:** For agency staff to best use an agency's data, they must understand how the entire business intelligence process functions. As agents dig into business intelligence, they should lead with transparency by sharing dashboards, training staff on how they function, what types of data they

have access to and what factors impact that data. This transparency will help get them on board with the process and up to speed on how to best use it.

Integrating an Agency's Tech Stack

Most of today's independent agencies are tech-enabled in some form. Depending on the size of an operation, an agency will likely be leveraging an agency management system for policy and client data, a customer relationship management system for tracking leads and sales and a marketing automation platform to manage campaigns. All these tools report data that can benefit an entire agency. The problem is many agencies do not integrate these tools, leading to isolated and incomplete data. Having a tech stack in which the tools factor in other, disparate data points will offer agencies a holistic view of the agency and more effective business insights.

Just like technology has become a non-negotiable asset for independent agencies, business intelligence is likely to follow suit. Those agencies effectively leveraging technology will likely experience higher client retention rates, profitability and a competitive edge in the market. While it may seem like another task added to agents' plates, it undoubtedly pays dividends in time saved, strategic planning and agency resilience. ■



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