



# CARNEGIE GENERAL INSURANCE AGENCY

## What does an agency sell?

Does an agency sell coverage, asset protection, peace of mind, outcomes, service, or legal protection? Or, do we take orders from applicants who dictate what they are going to buy, a decision frequently made without benefit of relevant information and professional guidance. Often, the applicant who contacts us “knows” what they want in a policy and is price shopping for the lowest cost provider of that predefined policy. On the one hand, this is easy business – all we have to do is undercut the competition and write up the order (application). On the other hand, this may be a great disservice to an uninformed applicant and to the reputation and stability of an agency. Why? Because we often do get what we deserve, especially if it is cheap and the buyer is uninformed. Yet frequently and unfortunately (for all parties involved) this is the outcome when we allow a naive applicant to dictate the terms of the policy and we simply take the order. Lowest cost is often a nice way of suggesting loose underwriting, limited coverage, minimal service, uncertain claims, low retention, and financial instability for an agency.

Granted, many applicants do not enter an office with the intention of buying “insurance coverage”; rather they are seeking the necessary documentation (typically minimal limits liability insurance) to register a vehicle or comply with the requirements of law enforcement. Our opportunity and responsibility may well be to challenge, expand, and educate that thinking, to spend the time and effort to share our professional knowledge and experience for the mutual benefit of the insured and the agency. If an insured really knew the potential value of insurance to protect their financial future, he or she might well be more inclined to consider broader coverage with reliable companies that their agent recommends. For an agency, this greater appreciation by an insured for the benefits of coverage translates to higher premiums, higher commissions, and maybe most importantly, improved retention. For an insured, this translates to a much higher likelihood of protecting their financial assets without concern for “technical” or unanticipated exclusions on their coverage. They can confidently report their claims and be reimbursed for covered losses without fear of company or legal reprisal.

How important is peace of mind and predictable outcomes to our insureds? Probably more important and valuable than we may consider. Will people pay for these assurances? Many who truly understand the benefits and security of insurance will and it is that group of customers who enable us to provide predictability and stability for our futures. While we still need the phone to ring, foot traffic, internet inquiries, and referrals, our agency survival will not revolve around day to day traffic and our ability to generate enough in broker fees to cover our immediate expenses. Rather, our informed and committed customer base will assure a monthly cash flow floor (commissions) that positions an agency to grow and thrive.