

COVID Proof Your Agency

*Simple Steps and Powerful Actions to Protect Your Business
and Power Your Growth Beyond Crisis*



By Eric Blew, Tony Caldwell
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Dedication

Dedicated to all independent insurance agents, especially members of SIAA, who are striving mightily to protect their employees, serve their clients, and build their business through an extraordinarily difficult time.

Table of Contents

Table of Contents

https://covidproofyouragency.com	1
Chapter One - Introduction and Background.....	1
Chapter Two - It's a Pandemic. What's next?	7
Chapter Three - Tried and True Best Practices	17
Chapter Four - Take Action	24
Chapter Five - Move into the New Normal.....	31
Chapter Six - Summary and Conclusion.....	40
Chapter Seven - Resources	43
About the Authors.....	44
SIAA	46

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Chapter One - Introduction and Background

At the time we are writing this book, the COVID-19 pandemic has disrupted huge swaths of the economy throughout the United States and the entire world. Not since World War II has there been this kind of universal impact. Right now, every business, every person, every man, woman and child, every segment of our society, every segment of the business community is being impacted by the coronavirus. No one knows how long this pandemic will last, or how bad it will be in human or economic terms, but it is clear that it is, and will be, a serious economic problem lasting months and perhaps years. While there will be economic retrenchment there will also be a recovery eventually. Some speculate that the recovery will be quick and immediate looking like a “V” on a graph. Others speculate it will look more like a “U” with a long period of relatively low recovery before an upswing. Still others think it may look like a “check mark”, where it's a slow and gradual recovery that lasts one, two or even three years. During the crisis, and especially as our economy recovers from it, we believe there will be enormous opportunities for insurance agency entrepreneurs who are ready and positioned to take advantage. There are also challenges and threats to be met.

Today, many businesses have gone out of business, virtually overnight. This includes restaurants, hospitality, retail, wholesale and some manufacturing businesses. Even those businesses who remain active are impacted in some way including transportation, airlines, construction and even service businesses like doctor's offices, consultants and others including insurance agencies. The long-term prospects for many of these businesses is less than certain.

The insurance industry in the United States, fortunately, is in a very strong position financially, with a large surplus and strong balance sheets. Our industry is well positioned to be able to weather this economic calamity in good shape and be there to pay claims and serve policyholders.

The insurance agency business is experiencing operational disruptions. But for now, income is flowing normally. In fact, right now as the virus pandemic in the United States begins to wreak serious destruction, insurance agencies are receiving annual profit-sharing payments bolstering their cash position. The income disruptions in the insurance agency business will come later this year and into 2021, as policies cancel, premium audits result in commission reversals, and renewals with lower premiums result in lower commissions.

No one knows how long the disruption period will last, how long the recovery period will take, and whether there will be additional waves of disruption in the coming months. Though we don't know when, we do know it will end.

The nation needs insurance and insurance agents now and they will as we go forward. So, with our present and our future more secure than most industries we need to turn our attention to taking advantage of opportunities to serve our clients and grow our businesses. Agents have

always been the backbone of the communities in which they work and live. They need to be prepared now, more than ever, to serve their clients and their community.

To serve, agents need to focus on preserving their business, keeping their employees productive, and staying on top of the necessary short-term changes. Agents must plan for immediate changes to operations and think carefully about changes they will need to make in three months, six months and nine months or even longer. Because the pandemic and the economic chaos and ruin it is creating will end agents need to work now on a plan to evolve their business so that they are positioned to thrive in the future.

This is an opportunity to improve as an insurance agency. One of the things we want to be very clear about in this book is that we believe there will be many opportunities, both during and after the crisis, for the agency owner who is prepared and forward-looking. It's been said that you never want a crisis to go to waste. While this crisis has epic human and financial consequences to it, there is an opportunity to rethink our businesses and prepare for an even bigger future, when the wave of COVID-19 finally passes over us.

A crisis, for the entrepreneur, is not a time to sit still and do nothing. It is a time to evolve, prepare and get ready to execute. That is why we have written this book. We want to help agents prepare to act now and over the next several months. We have divided our discussion and recommendations into those you should do immediately (or perhaps should have done already), those you should anticipate doing during the period of social distancing and finally those you should plan for as the nation begins to exit the pandemic and as the economy begins to grow again.

We have also provided a number of ideas, along with questions to ask yourself, about how the future, post COVID-19, may look and the opportunities and the threats that it will present to the independent agency owner, along with potential changes to the insurance industry as a whole. For example, it is clear that communications have changed fundamentally and are unlikely to ever go back to the way they were in February of 2020. What implications are there for the future for marketing? For client service? For commissions? For direct sales and digital sales of products? For the use of digital assets? Will there be changes in insurance company contracts? Will there be changes in carrier appointment criteria? How will service center use evolve? Will they become even a more prevalent feature of small business and personal insurance service? These and many questions demand serious reflection and thinking in order to prepare your agency for a future which will certainly be different than even the recent past.

You may be wondering who are the authors of this book? Why should they be listened to by me? What is their experience? Where does their thinking come?

All three authors are insurance agency developers with individual experience spanning decades, both in the retail insurance agency business as well as in the business of helping insurance agents plan and grow their agencies. We are all involved in the largest development organization of independent insurance agencies in the United States, SIAA, Inc. (Strategic Insurance Agents Alliance). Matt Masiello is the CEO of SIAA. Tony Caldwell is the CEO of One Agents Alliance a large strategic Master Agency member of SIAA with 183 insurance agency members. Eric Blew is the President of Pennsylvania Insurance Alliance, a large network of independent insurance agencies in the eastern part of Pennsylvania. Our national organization is comprised of 13% of the independent agency force in the United States and collectively the

three authors run master agencies with over 800 insurance agencies and more than \$1.5 billion of annualized premiums.

Based on our work and our communication with many insurance agencies over the first few weeks of the crisis we have culled their best ideas and best practices and included them in the book. We have also reflected on other serious crises in the past, like the 2008 fiscal crisis, and we're applying what we learned then to the challenges we all face now. We have had numerous conversations with the executives of many of the nation's largest insurance companies and the thinking of those individuals is also reflected in this book. All of us have guided and our networks through numerous hard and soft market cycles, which required agents to pivot fundamentally and change their business habits and processes in order to grow. While we haven't seen a crisis like that in many years, nor one like COVID-19 ever, we do apply lessons learned in the past in these pages.

The current crisis makes us look backward almost with fondness, to the older, easier days of managing agencies through a market swing. Nevertheless, there are lessons to learn here and we're learning them in real time and want to share them with you.

Finally, we want you to know that serving and growing independent insurance agencies is our passion, and our success is tied directly to the success of not only the agencies who are members of our organization but also our industry in general. We hope you will find this small book useful and helpful. We want it to be something that you can read quickly and rapidly gain useful information. Think of the following chapters almost as blog posts. We've been intentionally short.

At the end of each chapter, we've listed the actions that we think are most important for you to take now to ensure your success. Later, in the chapter on resources, we have gathered several thinking tools and other resources which you can use to plan your way through the current crisis with a focus on the first 100 days after we all come out of our foxholes. Let's get started!

Chapter Two - It's a Pandemic. What's next?

It is likely that by the time you read this, you will have partially or completely moved your office to the homes of your employees. You have gone virtual. Even if you haven't done this yet, your business operations have changed dramatically.

IT'S TIME TO BE READY!

Now you need to prepare to operate this way for as long as it is necessary according to the dictates of your local and state governments, and we know that those can change daily. It's good practice to take a little time and analyze how did your plan for responding to the crisis initially go? Did you even have a plan? Did you anticipate all the risk factors inherent in an emergency of this magnitude? Was your staff ready physically and mentally to take on the challenges of working from home in such a crisis? Were you prepared for the government to change the rules of the game in how you operate business and where you operate? Were you prepared to move to a virtual environment with remote computer systems, software and cyber security protocols?

If you didn't have a plan, the truth is that you just built one on the fly. And if the digital agency you just built looks more like a pup tent than a fortress, you still have more work to do. Fortunately, information about operating a virtual agency is readily available from forward-thinking insurance companies as well as from independent agent's associations and agency management vendors. However, it is up to you and your staff to implement the plan, so you really must work on the fly.

Now is the opportunity to document your experiences and to identify what worked and what didn't work. Now is the time to create or update your disaster plan. It's a good business practice and carriers are beginning to require it in their agency agreements. Fortunately, those that had a plan, even if not a very comprehensive plan, were able to implement it and to pivot the staff safely and efficiently to their new office in their home. Just make sure to adapt, evolve, and grow that plan to take it from good to great.

If you would like to review the elements of a properly prepared plan, and perhaps save time by adopting it yourself, one of our businesses (One Agents Alliance) has prepared an excellent one you may download and use. Click this link for the "[Business Continuity Preparedness Plan](#)".

ACTION TO TAKE NOW

Since experience is the best teacher, whether it is your own experience or that of another agency or agency owner, it is important that we look at what has been done successfully to respond to this crisis. We talked to many of our top agents and here is what they recommended.

- **Digitize Your Agency:** Agents who have embraced the digitization of their agency over the last 12 to 18 months made a relatively smooth transition to the virtual office. They have trained their staff and created effective procedures for using service centers and agency management system client portals. They have educated their clients on how to use these service tools and reimagined how to provide outstanding service in the digital world. These agents have created websites that are interactive and robust with digital communication capabilities, including social media and texting. We have included an interactive [Digital Agency Scorecard](#) to assist you in developing, or modifying, your digital agency planning.
- **Seek Insurance Company Assistance in a Digital Emergency:** Most insurance companies are ready to help those agents who were slow or unable to make the move to digitization within their agency early on. They can expedite the enrollment of the agency in service centers and provide web-based training for agency staff. They can provide marketing support to assist in promoting service centers and to encourage clients to enroll in web-based self-service portals.
- **Temporary Support Staff:** During a crisis like this, many agents were prepared to hire additional staff or interns to help with the transition on a part-time basis. In some cases, this included using college students who became available as their universities and colleges prepared for virtual learning. These young people are tech savvy and able to assist with implementing the virtual office and with communications to the clients.
- **Office Closure:** It is important to take note that there are some differences between rural and metropolitan agencies. The rural agencies may be able to remain open during the early part of the pandemic while maintaining a healthy working environment. They may

be able to maintain some semblance of normalcy in writing new business and servicing clients with fewer staff. Eventually, they will have to follow the metropolitan agencies into closure and move their business to their home offices. As closures become necessary, the agents should be able to complete the transition virtually overnight if they are prepared.

- **Essential Business:** Fortunately, many states have declared insurance agencies to be essential to maintaining our communities. However, it is not business as usual. Agents are not generally permitted to be open to the public, visit with clients, or often not allowed to maintain other than essential staff at the office. They must go virtual.
- **Ghost Staff:** The agency office needs to be maintained, mailed must be processed, and automation systems (IT) checked. Agency principals can visit their office regularly to accomplish these tasks or a trained staff member can do it. Key staff can volunteer to assist a few days each week while observing all safety protocols. Visitors should not be allowed and notices should be placed on the doors notifying the public the office is closed and how to contact the employees.
- **Computers:** Some agents have recently acquired laptop computers for producers and for support staff, making the transition to home much easier. In some cases, desktop computers, including monitors and scanners, should be sent home. It is important to confirm the availability of adequate internet service to each employee's home, and to review security and privacy issues with all staff. In some cases, office furniture was needed to be sent home.
- **Agency Automation:** All the agents interviewed had a cloud-based agency management system (AMS) that enabled them to go virtual and maintain their client support. They are

able to continue the essential policy and financial processes for their agency, including the downloading of policies and commissions from the carriers. Fax systems may be added to the AMS to allow for remote access to faxing if needed by some clients.

- **Electronic Signature:** Agents who had been using an electronic signature program with their clients were ready to go. The use of the program will prove critical to completion of various transactions as the pandemic causes many offices to close abruptly. Electronic signature will also be necessary to maintain new business production during the closures.
- **Virtual Banking & Payroll:** Agents should transition their banking relationship to online banking, including the ability to pay bills and accept commissions electronically (ACH). Having the ability to electronically deposit client checks into an escrow account and pay the carriers electronically is very important. Payroll should be managed through an online payroll service that includes all required tax filings and payments. Time keeping systems for agents who pay staff hourly can be transitioned to online, computer-based systems.
- **Phones:** Many of the agents we interviewed have switched to VOIP phone systems that enable their staff to take their office phone home with them when the office is closed. The process should be seamless to the client. Agents should review their phone capabilities with their staff and train them how to communicate with each other, as well as how to process client calls. They should also review how to forward client calls to service centers.
- **Communication:** Agents should post contact information on their websites and their mobile apps to let their clients and prospects know that the physical office is closed but that the staff is available by the regular phone, email, and fax systems. Most agents have

the ability to send blast email communications to their clients announcing changes to the office operations. They are also able to share information about the pandemic with clients and communicate carrier announcements. Agencies should develop ad hoc communications plans which include staff, clients and insurance carriers to keep everyone informed about planned changes and progress. Many agencies began using Zoom™ and similar systems to communicate face to face. Agencies also use tools like Slack™ or Microsoft Teams™ to conduct video phone calls, hold meetings, share calendars, and operate group text chats to keep communications flowing. A side benefit reported from this pivot to video communications was a high degree of staff morale.

- **Social Media:** Many of the agents we spoke to have invested in a social media communication strategy. They are able to maintain a presence in the various social media outlets including Facebook, LinkedIn, and Instagram. This is proving to be critical that these agencies have a strong relationship with a digital-based social media communication vendor.
- **Cyber Liability:** Agents must have cyber liability insurance policies for their agency. It is very important for the agents to review the policy language as it pertains to staff working remotely. Cyber liability coverage does not replace the need for strong encryptions and data security protocols but is a necessary risk mitigation strategy.
- **Producers:** Most agents we interviewed have established their virtual position early and rapidly. As things evolve, they are prepared to easily respond and pivot their focus to their clients and especially to small business owners. They recommend that agencies implement the following activities:

1. Have producers call their most important clients and networking contacts to proactively discuss the insurance industry response to COVID-19. Have them discuss business interruption insurance issues and offer to make necessary adjustments to payroll and sales estimates. Also discuss carrier options for premium payments and audits. Importantly, producers should focus on maintaining and deepening client relationships by demonstrating that they care about them.
2. Clients calling about business interruption losses should be told to submit a claim. The burden is on the carrier to interpret the policy and to decline the claim if appropriate. In some instances, the client needs a declination letter in order to acquire state or federal assistance.
3. Several producers are going a step further and building knowledge of the various state and federal COVID-19 relief acts. They are prepared to share available documents and information with their clients and assist them in applying for relief. We believe this is the kind of service which locks clients in forever and is highly recommended.
4. Producers are identifying specific clients in some of the classes of business most impacted by the government COVID-19 regulations. They are identifying changes in the business practices of their clients, such as food delivery for restaurants, and endorsing insurance policies accordingly. This is also necessary for personal lines clients.
5. Policy delivery has moved completely to electronic delivery, and client visits are now virtual conference calls. Please note best practices demonstrate that producers should request approval from clients prior to sending a policy electronically.

6. Producers have increased their sharing of information through social media. It helps them to maintain the feeling that they were still open for business.

➤ **Managing Staff:** Moving your staff to a remote or virtual office requires new skills in managing, communicating, and motivating. Make sure you follow these basic steps:

1. Provide tips for working from home, not everyone knows how to do this. Set regular office hours. You are still running a business but be aware of employee's special needs or family situations.
2. Plan your work daily and update staff workflow priorities on a regular basis.
3. Encourage your staff to find a proper and quiet workplace. Review privacy rules and office ergonomics.
4. Avoid distractions in the work area.
5. Take regular breaks as if working in the regular office.
6. Use the right technology. Remind employees to communicate their needs to their supervisor. Encourage everyone not to suffer in silence.
7. Establish daily check-ins with supervisors and make them regular and predictable.
8. Identify several communication technology options, to enable easy discussions and meetings.
9. Provide opportunities for remote social interaction. You should allow time during video conferences for the staff to share a few stories and ideas about working from home. Consider having everyone share something positive at the beginning of meetings to establish the right mindset.
10. Provide Leadership and Support! Don't assume that everyone is able to handle a crisis in the same way, or they can adapt easily to change. They have their own

challenges during the pandemic in addition to doing their jobs. Be supportive of their needs and be empathetic.

11. Review and communicate any changes or updates to the state or federal regulations that impact your business during the pandemic. For example, it is recommended that all employees be emailed the newly required workplace [FFCRA \(Family First Coronavirus Response Act\)](#) poster.
12. Consider updating the agency vacation policy and implement the new FFCRA. It is required by law.

We have prepared a guide and tips to assist you and your staff in working effectively while working remotely. You may download the guide [here](#). We have also provided a link to an article from [Harvard Business Review](#) to provide suggestions for managing remote employees.

Preparing for an uncertain future: No one knows how long remote working will be necessary. No one knows how long the economy and normal business activities will be disrupted. No one knows how many businesses will go out of business. What is clear is that the disruption caused by COVID-19 isn't going to go away completely for many months. It is also possible, even likely, that the economic disruptions it is causing may last for years. This has many implications for insurance agencies. Things to consider and model are how this impacts your retention rate, your new business growth rate, insurance carrier rate increases that we've become accustomed to (would you increase rate in a time like this?), the likelihood of receiving profit sharing a year from now (lower premiums and similar property losses seems like a recipe for this to us), and agency value (lower commissions and profit sharing coupled with uncertainty may mean a lower value if you were thinking of selling and retiring). We have a tool (developed by One Agents Alliance) called the [Amazing Agency Accelerator Tool™](#) that was originally

designed to help think through agency operational improvements. It is a great tool for modeling potential negative consequences as well and is available for free on the website.

Chapter Three - Tried and True Best Practices

DON'T WASTE THE SILENCE

In the time of COVID-19, or any crisis, don't waste the silence. If your phones aren't ringing (and we know you're not in the office right now – but your phones are forwarded, right?), take advantage of the time to be proactive on your business. This will help you identify changes and prepare you for when things start to normalize.

Matt Masiello recently attended a Zoom™ meeting of executives and salespeople in another heavily sales focused industry, to understand how they are reacting to this crisis. One salesperson asked, “what should we be doing right now since we have so little activity?” The response was to ‘get out in the greenhouse’:

- Start working on cultivating people, processes and target markets.
- Don't sit around waiting for the crisis to end.
- Focus on activities and functions that you will have prepared to take ‘back outside’ when the time is right.

- Identify pertinent information or materials you can be sharing now with clients, lost clients, prospects and even in your community.

In other words, plant seeds, nurture relationships, and prepare to harvest when the time is right.

You do not want to be in a position of looking back as things start to normalize and wishing you had been more productive with your time. Smart business owners use this time to self-assess and look into the future. This is playing on offense, not just on defense.

There are two types of businesses right now:

1. Those that are simply waiting for the crisis to end.
2. Those that are proactively working through the crisis.

The difference between the two will separate leaders from followers on the other side of the crisis. Dan Sullivan, founder of The Strategic Coach program for entrepreneurs, reflected recently that his clients had their best quarter ever during the ninety days after the end of the 2008 financial crisis. They had spent their time preparing. You can do the same thing now.

ANALYZE WHERE YOU ARE TODAY

Take some time to develop a process and analyze where you are today. What were pressure points in the early days of the crisis? Why were they problems for you? Can you fix those things for the future? What is working in the business? How can you ensure that those things don't falter when normalization comes? What is not working? What would you have done

differently? What other changes are needed to manage the crisis immediately? What is coming for the next three to nine months? What experiences can you use to improve your business?

One of the things that we suggest you do is a SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

Strengths are those things you are doing well, have an advantage in, can use to weather the storm, and leverage the future.

Weaknesses are those things that you could be doing better or are not doing as well as your competition. They often represent low-hanging fruit.

Opportunities are those things you can take advantage of to reduce expenses, increase retention, improve account rounding, and accelerate new business production.

Threats are things like COVID-19, that disrupt your business, your client's lives and businesses, or the economy. They are also problems in your business, or with your competition, that left unaddressed can hurt or kill your agency.

The SWOT analysis will answer all the questions above and many others. It will give you confidence that you know what needs to be done and what you don't need to worry about. Importantly, it will show you where your opportunities for growth and improvement can be found.

STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS

In your analysis, include a short-term view from today through the next three months. You should also include a longer-term view, possibly going out as far as 9 to 18 months.

Here are some suggestions to get you started in the development of your SWOT analysis:

Strengths:

- Agencies that have focused on some digitization of their business over the last several years have more easily transitioned to a virtual or remote operation.
- Agency income is relatively stable based on the numerous sources of income from large numbers of clients and policies.
- Agencies with solid retention practices and a good renewal base will have a more predictable and stable revenue stream through the crisis and beyond.
- Insurance is a non-optional product. As we have learned in past financial crises, while insurance is not completely recession proof, mortgage companies require homeowner's insurance and states and lenders require auto insurance. States require workers compensation and lenders require property and liability insurance.
- If you're an agency that writes both personal lines and commercial lines, it is likely that personal lines will be less impacted by the premium reductions that are going to occur in the coming months. Use this to your advantage.

Weaknesses:

- Agencies that do not have good systems or processes and have not digitized some aspects of their business will struggle moving to and operating in a remote/virtual environment.
- Agencies that are not utilizing service centers or enrolling their clients in self-service capabilities may have difficulty serving clients in some situations as they move virtual.

- Agencies without strong marketing and targeted new business programs may see income fall off more rapidly as the crisis proceeds and perhaps in a weakened economy moving out of the crisis.
- Agencies may not represent insurance companies that can respond adequately and timely to the crisis and provide a stable market.

Opportunities:

- This is a great time to build and reinforce relationships with clients, carriers, staff, and within your community. This can lead to increased retention, better account rounding, and more new business.
- You can increase focus on retention. Can your client and policy retention be improved right now?
- Cost considerations will drive business with consumers thinking about insurance whether in personal or commercial lines. This will lead to new business opportunities for aggressive agencies.
- There will be opportunities to upgrade agency talent as unemployment increases.
- This is a great opportunity for an agency to focus on growing (or more effectively using) their digital presence. New communications methods that are becoming commonplace may allow agencies to increase their geographical footprint.
- This is a great time to identify and target new markets for producers to approach, especially segments or classes of business that were not as affected by commission and premium reductions.

Threats:

- Commission losses due to policy cancellations, premium audits, and renewals at lower premiums due to lower rating basis of clients.
- Profit sharing and contingency income next year is likely to be less due to lower volumes and lack of growth. This also will reduce growth bonuses or growth kickers in profit sharing agreements.
- Compressed premiums may lead to higher loss ratios for profit sharing and contingencies.
- Some agencies may face the loss of carrier contracts or have reduced commissions imposed due to falling volumes or lack of new business.
- Agencies without adaptable and strong new business processes may face difficulty in replacing lost/reduced income.
- Agencies may experience E&O exposures due to COVID-19 related losses, whether covered, justified, or not.

As you think about and prepare for your SWOT analysis project, here are a few other hints for a successful analysis:

- This is not a huge time commitment; you are not writing a book or a business plan.
- We urge agency principals to allow staff to also provide feedback in the SWOT analysis.
- Consider letting some staff members develop a separate SWOT and then come together to discuss and combine documents.
- Your staff may look at this experience and how you and your business are performing through a different lens than a manager or a principal. This may provide important insights to you, the owner.
- When you include staff in identifying problems and solutions, they take ownership in addressing problems and solutions moving forward.

- Identify items from the analysis to address and apply priorities.
- A SWOT is a living and breathing document. Share it, discuss it, and update it in the coming months.

A SWOT analysis will not solve your problems, but it will help you to identify where you have friction that can jeopardize your business, and more importantly, identify your strengths and opportunities to maximize your effectiveness and output.

Key Takeaways:

- Take Advantage of the Silence
- Get out in the Greenhouse
- Perform a SWOT Analysis
- Include and Engage Staff

You can find a sample [SWOT worksheet](#) to guide you through the process.

Chapter Four - Take Action

Now that you have done a Strengths, Weaknesses, Opportunities, and Threats analysis for your agency, let us encourage you to implement any needed changes that you have identified as rapidly as possible. There are three things you must do:

1. **Prioritize.** You may not be able to get everything you want to do done. So, it's important to work on those things which will make the biggest improvement or represent the biggest opportunity for your agency. Think of each action as a lever. Which gives you the most leverage? Do that first!
2. **Communicate your plan** to your employees, ask their feedback, and encourage their active participation.
3. **Delegate tasks** to your entire team so that you will have the necessary time to do those things that only you can do.

You have completed the SWOT analysis, prioritized necessary action, communicated it to your team, and delegated responsibilities, so now take a moment to step back and think about the environment in which your business will be operating in the very near future. It's obvious that things will never be the same as they were before. If you think back through history, every major

war and every major pandemic, like the one we're going through today, leaves behind a society and a business environment that has been changed in some fundamental ways. There is always a new normal. What will that new normal look like in your agency?

POTENTIAL CHALLENGES

In all likelihood, this crisis caught you as it did virtually all of us, unaware and unprepared. As you think about the new normal for your agency, how are your clients going to be impacted over the next 3, 6, 9, and 12 months? If you are primarily a personal insurance agency what are the things your clients will be most focused on as the crisis clears? Are there coverages which you have not focused on that you will want to talk to them about? For example, is it possible that clients will have a heightened sense of interest in life insurance? Will they want to purchase disability or income replacement coverages they were not interested in before this crisis? Will you need to prepare to explain to them why they shouldn't cut coverages that they may be tempted to do in order to save money?

If your agency writes business insurance, it's entirely possible that you will find that you have fewer clients than you did before this tragedy. How will you replace them? Of the clients that remain many will be receiving premium refunds because they had less payroll and sales than originally expected. When their audits are due, that will mean commission reductions for your agency. While you are renewing the coverage, it will almost certainly be at lower premiums and lower commissions because of lower expected payroll and sales. Most agencies operate with only a few points of margin between receiving profit sharing and not. You may have a reduction

of profit-sharing next year because of lower premiums with normal property claims. How does that new normal look financially for your agency? What is it that you will want to do about it?

What is your current retention rate and will that change? On a policy or premium basis, it most likely will. What can you do to shore up and improve the retention of clients that do remain in business?

BEWARE OF THE POTENTIAL FOR LOST INCOME

It is not hard to see where a typical agency may experience 15% to 35% income reductions over the next 3, 6, 9 and 12 months. For commercial-focused agencies, especially those with concentrations in retail, restaurants, hospitality, some kinds of transportation, and energy, the challenges may be more serious.

LOOK FOR OPPORTUNITIES

Though there will certainly be income challenges, there will be opportunities too. What will the opportunities be for your agency? Will you be prepared and ready to expand your geographical market territory because you have mastered new communications technology? Will you be focused on balancing your agency with more commercial lines business or much more personal lines business? Will you be focused with new urgency on account rounding? Can you take SBA payroll loans to hire a new producer? Or will you simply focus on expense reductions? Will you seek to aggressively acquire other agencies who may not have come through this crisis

with a desire to continue? Whatever course of action you take, being prepared will help assure success.

What will your agency look like when the storm clouds recede? More than likely, your agency, like most, did not have a disaster plan when this crisis erupted. If you did have a plan, congratulations! You were very unusual. With the lessons learned in this disaster fresh in your mind, now is the time to collect your experience and use it to prepare a plan in the likely event that this happens to us again. Remember, the federal government in its planning is estimating that the COVID-19 may continue to disrupt the United States national economy multiple times over the next 18 months. Even as your new normal becomes reality, you may need to go back to your disaster plan sooner than you might like.

Some things to think about in that disaster plan should include making a bigger investment in laptops for all your staff, so that their essential work tool is more portable. Was your phone system easily able to handle transferred calls or forwarded calls from your phone system to all your employee's cell phones? If not, perhaps this is something you should target for replacement. If your agency automation system was not based in the cloud, now might be a good time to make that change. If you haven't enrolled your small business clients and personal insurance clients in self-service capabilities and insurance companies service centers, perhaps it might make sense to do that now.

CONTINUALLY REVIEW YOUR PERFORMANCE TO TRANSFORM IT

As you think about how your team performed throughout the crisis, are you satisfied with that performance, both individually and as a team? Do you have the right people on your bus?

There will be more talent available in our economy in the coming months as this crisis recedes than there has been in the last generation. Is this the right time for you to upgrade the talent capabilities on your team? Writing new business is going to be crucial in the coming months. If you have not been an aggressive new business agency, now is the time to transition to a sales-focused organization. Do your digital capabilities need an upgrade? Digital isn't just social media, it's now marketing, sales, service, and operations.

Are there plans and improvements you've wanted to make in the agency but never had the time? Now is the time to implement those "back burner" ideas.

Can you reduce expenses in your agency, bearing in mind that all things being equal, you're likely to see a reduction in income over the next year? What expenses do you have that you can live without? Take a careful look at your travel and entertainment expenditures. Is it possible that you can negotiate with your landlord for lower rent? Is now the time to buy a building for your agency? Or is it the time to move to less expensive office space? What about the SBA and the CARES loans? Did you take advantage of those? What must you do to maximize the loan forgiveness provisions of those loans?

Did you have a business line of credit? When you went into this crisis, would having a line of credit have given you more confidence at the beginning? Would it be useful to you in the future? Now is the time to fix that. The thing about lines of credit are that when you need them, they're not available. It's too late. So, is now the time to have a conversation with your banker about structuring safety valves?

Both opportunities and crisis demand having ready access to cash. Lines of credit help here but a strong balance sheet helps even more. How can you make changes to build cash now?

As you're acting on these issues, it's important to communicate with your staff. And it's important to engage them in the process. They will have many good ideas to help. In fact, those closest to the work often know the best way to make changes to improve processes and to do so quickly.

As you move into your new normal, be sure to communicate clearly and frequently with your clients. Let them know as you add service opportunities and products. If it's been more than a year since you had a coverage review with clients, now would be an excellent time to do that. What else can you do to deepen the communication, and the relationship, with them? This is a great time to deepen your relationship by being useful. Remember, their futures have been shattered in many cases and they may have residual fear and uncertainty.

FOCUS ON GETTING BETTER

One of the things that you can do to improve your processes and reduce your expenses is to make sure you're operating as efficiently as possible. So, during the virtual work phase, take the time to review your policy processing. Review expiration lists. Confirm status of renewals, endorsements, new business and cross marketing activities. Carefully check your staff utilization, suspense activity and account distribution. Make changes now, during the virtual phase, to maximize your productivity.

Be sure that you're on top of agency bill receivables and current account payables. It's likely that agency bill clients will become past due on premiums. It's important to manage these things so that your agency doesn't become the financial loser. Many insurance companies are now offering premium forbearance agreements depending on client's needs. You'll want to be in

communication with clients before they dig a deep hole with you and the insurance company, to try to work those things out.

There are many actions that you and your team must take, not only now but especially as you resume normalized function. Business is not going to go back to normal. Agents who not only survive this crisis, but who intend to grow coming out of it, must be very aggressive about their operations, marketing and sales. It's time to take action!

Chapter Five - Move into the New Normal

By now, you have organized your staff to work in the virtual world and you have begun your SWOT analysis. Obviously, you have come to realize the way you are conducting business has changed, and possibly for a long time. You now have a new normal.

Now is the time to begin thinking about what's next when the pandemic ends. This is a great opportunity to avoid returning to the old business practices and to identify what has changed for the good. You need to recognize the positive improvements to your business that were born from your response to the pandemic. How will you measure the changes? How will your producers and carriers adapt to a different insurance market? How did COVID-19 change the way you worked with your clients and your staff? These are just a few questions you will need to ponder as you move forward and grow your agency in the new normal.

AGENCY MANAGEMENT SYSTEM

Your agency management system (AMS) is one of the most important tools available to you to measure the changes to your business. Your AMS will enable you to create a benchmark

of the business activities, productivity, and financial results for your agency prior to COVID-19, as well as during the pandemic. The results of your analysis will be very revealing. Although new business sales were probably less during the pandemic, you may realize the utilization of the AMS system by the staff has improved dramatically. There may be some positive surprises in your results that can be attributed to the new normal.

KEY THINGS TO MEASURE

There are several key areas that you will want to measure in your AMS. This process should be done weekly and the results should be shared with the appropriate agency staff. The key areas for measurement should include the following:

1. **Growth:** You need to measure growth, if any, in several categories, including new business premium, renewal premium, and commissions. The commission measurement is commonly overlooked but it is the best measurement of productivity and success. Commercial lines, personal lines, and life insurance growth should be measured separately. You may begin to note negative growth at the policy and then agency level due to cancellations, interim endorsements to reduce payrolls and sales, return audit premiums and commission, and lower premium renewals. This is to be expected. The key thing is to understand your potential exposure, plan to mitigate, and monitor to be sure things are developing as you expect or to spur a call to action to correct.
2. **Policy Retention:** Retention is the foundation of your financial success. Policy retention will be more important than premium/commission retention during the pandemic, because you can expect premiums will shrink due to lower payrolls and sales, as well as

fewer miles driven in personal autos. However, the premiums will rebound as the economy improves after the crisis. Keeping your policy count high will pay off in the long run. You must focus with great deliberation on this to minimize losses for any other reason than clients who went out of business. There has never been a time when focus on retention was more important.

3. **Close Ratio:** Look at your new business close ratio and share it with your producers. Are they focused on the right target markets and approaching the right carrier for the risk? COVID-19 has forced many industries and individuals to change the way they do business or to evaluate their buying habits. A deeper dive into closing ratios will uncover trends that will impact your marketing efforts. Prospects and clients are going to be focused on cutting costs as they never have been before. You simply cannot fail to remarket business and focus on maintaining a high new and renewal business close ratio.
4. **Mix of Business:** Look beyond the split of business between personal and commercial lines. Look at the profile of each line of business and understand the makeup of your book of business. Are you heavy in personal auto and light in homeowners and dwelling clients? Do you have too many restaurant clients and not enough contractors? You should also look at your mix of products and look for the opportunity to balance your exposure to loss. This will help you stabilize the profitability of your book.
5. **Policies per Client:** Account rounding leads to greater retention. You need to mine your AMS for opportunities with your current clients. Look for trends in the type of products that have not been offered to the client. Your staff has been working closely with your clients during the pandemic. They will be able to share what type of policies or coverages were the greatest concern to the client. Did they have the coverage? Were they asking

about identity theft? We expect that consumers and business clients will have a renewed or heightened interest in life insurance, disability income, and hospital income replacement policies. These offer an opportunity to increase policies per client, revenue per client, client retention, and replacement commission income for your agency.

6. **Account Size Distribution:** Evaluate revenue per employee. It may have changed due to the pandemic. You may need to re-balance the distribution of accounts due to the loss of a client. You may also realize that during the crisis, certain staff had too many accounts assigned to them and they could not service them properly.
7. **Agency Bill:** Watch agency receivables and payables closely. The carriers were more forgiving during the crisis but they will want to get back to normal. The only new normal in billing is the time it will take for the carriers to sort out and correct the special premium payment offers they made to the client.

NEW BUSINESS AND NEW OPPORTUNITIES

The good news is there is new business to be written. It may be found in a new target market that you will need to uncover. You must look for new opportunities by working with all types of clients including current, lost, and prospective clients.

1. **Share Knowledge:** The pandemic has taught us the value of sharing information with everyone and about ways we can all recover within our economic community. You should embrace the concept of being an “open source” to your community. You will become a valued business advisor to all.

2. **Formal Referral Program:** You need to be proactive with your current clients and ask if they know others that you may be able to help. We are in sales and you need to ask for referrals even during a pandemic. We are seeing aggressive agencies increasing the amount of new business they are writing by offering to be “helpful” in saving money. While marketing on price is a slippery slope, it may be relevant in the coming months. They are finding a receptive audience and an unprecedented ease of connecting with people. Are you?
3. **New Products:** Look for opportunities to introduce new insurance products to clients and prospects, such as cyber insurance. Everyone's now working from home. Are they properly protected against identity theft, data breaches, phishing, social engineering, etc.? It is a discussion that you need to have with both your personal and commercial clients. Is it the time to add life insurance?
4. **Pay as You Go premium Payment Plans:** This gives you a wonderful opportunity to have a conversation with your commercial clients about a product that can help during a crisis. This product is part of the new normal and it will be promoted by payroll companies trying to take your business away from you.
5. **Personal Lines:** These clients will be less impacted by the pandemic than commercial lines. The personal lines premium calculations will be impacted by less miles driven to work and a homeowner's policy may need to be adjusted to reflect business is being conducted in the home. It is an opportunity to stay in touch with your clients and to keep them aware of any special premium relief benefits from their insurance company. Personal lines should remain a stable source of revenue for the agency. But beware, there will be many hungry insurance agents who are taking commission reductions of 15% to

35% or more due to shrinking premiums. They will be after your clients, and your clients will have unprecedented need to listen to them if you haven't been there first!

6. **Business Insurance:** Businesses will see the greatest impact from the pandemic. As we all know, payrolls and sales numbers for commercial clients are changing dramatically downward for this quarter. The rosier of economic predictions show negative GDP growth in the second and third quarters of 2020. There is increasing concern that negative economic trends will continue into 2021. The impact on premiums will be felt long after the immediate crisis ends. The client will need guidance from the producer and the account manager on how best to adjust their policies to accurately reflect the new reality for their business. Your ability to assist them in this process will be critical to maintaining your relationship with the client as their chosen insurance advisor.
7. **Target Marketing:** The new normal means finding new classes of commercial business to prospect. Look for businesses that were less impacted by the pandemic or those that can recover quickly as the crisis ends and the various restrictions are lifted. For example, professional offices and consultants are still working and they can help you identify businesses that will survive and grow.
8. **Maximize Other Revenue Sources:** Agency revenue will be impacted by the potential changes in insurance premiums and the loss of clients due to their business closure. Consequently, it is critical for the agent to look for opportunities to maximize their earning potential by joining an organization that will be able to negotiate enhanced commissions and guaranteed bonus money with the insurance companies. Organizations like SIAA, with whom we are affiliated, offer benefits to the agents that have never been more valuable. In addition to increased income opportunities, we offer consulting,

coaching, and mastermind opportunities that are especially valuable right now. You can find the appropriate SIAA local Master Agency contact at www.siaa.net. The agent must be committed to developing their agency and adopting new sales strategies in order to take full advantage of the opportunity to increase their revenue. This opportunity will also allow the agent to negotiate appropriate changes to production goals with the insurance companies, due to the anticipated reduced new business production during the pandemic.

9. **Insurance Companies:** Agency principals will also need to evaluate the insurance companies they represent. Were your insurance companies true partners during the pandemic? Did they offer you enough support and help you to sustain your business operations? Did they serve your clients well? If not, maybe it's time to realign your carrier representation and consolidate your premium to maximize revenue.
10. **Insurance Company Services:** You should review the services and benefits that are available to you and your clients through your key carriers. What services are you not currently using? What services did you use during the pandemic that were very beneficial to you and your clients? There is a new normal to the client experience. Clients were increasingly demanding to do business when convenient with them and the crisis has made 24/7/365 the new standard. Clients have rapidly grown accustomed to video calls and other ways to communicate that don't involve in-person meetings. This too, is part of the new normal. It now means that aggressive agencies can sell, and service clients located anywhere. This is either an existential threat to your business or a tremendous opportunity. The choice is yours. Many of the carrier services are designed to help you provide the best service to your client in the digital world and your client has learned to appreciate them. Make the new normal include these new products and services and learn

how to grow with them. You should realign your agency processes and procedures to take full advantage of them. The insurance companies are also preparing for a new normal. They're going to look at what worked best for them during the pandemic, and they will consider which of these services should be standard operating procedure and not some special occasion. They are going to look at how best to grow their business and how to implement these many digital options and services. The carriers are going to adjust their marketing efforts and co-op opportunities with the agents to emphasize digital adoption by the agent. Agents who choose to collaborate with the carriers will be rewarded with more marketing support and preferred status. Agents who do not move to the new normal should expect commission cuts, contract terminations, and other difficulties.

11. **Communication:** The way we have communicated with our clients, our staff, and our carriers during the pandemic has changed dramatically and permanently. This is the new normal. Agents need to continue to build and evolve their communication strategies. They will continue to expand their use of social media, email, texting, client contact software, and CRM. They will continue to expand the use of video conferencing, and both recorded and live presentations, to improve the client experience. The pandemic experience has altered the communication landscape. The client has a new expectation about communication, and they will direct the agent on how they want to work with you. Client portals will be very important through your agency management system and through your agency website. Make it easy for your clients to do business with you, and don't forget to have a mobile app linked into your services. You do need to prepare for the permanency of this new normal.

12. **Leadership:** Finally, your agency leadership team needs to lead the discussion about the new normal. You need to engage your staff in a discussion about the changes in your business practices during the pandemic. The entire team needs to take an honest look at how they performed during the pandemic. What did you do well? What could you improve on? Ultimately, the agency must be prepared to accept changes, because change is inevitable after such a crisis. You should also talk to your clients about their experiences with the agency and the carriers during the pandemic. You want to understand how the client reacted to this new normal, whether they were pleased or frustrated with how you cared for them, and their degree of willingness to accept the changes. Your client may need to be guided through the process of change. Agents should create a partnership with their clients, staff, producers, and carriers to help educate and promote the new normal. The agent must take the opportunity to refresh all that you do within your business and with your clients. Enjoy the process. It can be very beneficial.

Chapter Six - Summary and Conclusion

COVID-19 is a crisis like we've never seen before. It's far-reaching around the globe and its ripple effects, both social and financial, will be felt for years.

In the United States we have gone from unprecedented growth and low unemployment, to the deepest economic dive ever. We can only hope that the recovery will be as swift. Since hope is not a plan, we must identify, adjust and prepare for the long haul.

This crisis will end and there will be a recovery. Someday. That is a known. But beyond that, there are just too many unknowns. For much of this crisis, there is nothing that you, as a parent, individual, community leader, or a business owner can do. Because of that, it is up to you as an agency principal to identify the things that you can change, adapt, improve, and take advantage of to help yourself, your employees, your business, and those around you.

This is a time for business owners to identify threats, react to them, and be agile. Right now, believe it or not, a bad plan well executed is better than no plan at all. You can and should be reviewing and adjusting your plans to make them great as you go forward. Some may feel it is

too late. But it is not! It never is. Be prepared and execute, include your staff, communicate, and let those around you be part of the process.

Manage your new routine and help those around you with their new routine. Don't assume that everybody knows how to handle what is happening in their business and their personal lives. Have empathy for those with whom you interact, be supportive, be a leader in your business and your community.

Take some time to look at your actions from the past weeks and add them to your future plans. Write them down, analyze how and what you are doing today, and what you plan for tomorrow, and the next 3, 6, 9, or more months. Make sure you're doing diagnostic reviews of how your business and your people are performing. Use this information to make changes on the fly and to learn from your experiences in order to improve your business.

Adjust and look for opportunities. Use this crisis as a learning moment for you and your business. From the SWOT analysis, make adjustments to your business, your processes, your expenses, your staffing, and whatever else you identify as needing change or opportunity.

Make sure to get a line of credit. When you can get one, you don't need it. When you need one, you can't get one. Remember that when this crisis is over!

As we move towards our new normal, let's make it fun! The next several months will be challenging and difficult, but not insurmountable. Have fun and spread that fun to others because we're all in the same boat. Plan a party with your staff and continue to build the team spirit. These may be virtual gatherings today but will be in person tomorrow. Recognize outstanding performance by your staff and your insurance company relationships.

When this crisis is over, it will still be great to be an entrepreneur and we are really in a great business.

Chapter Seven - Resources

Free Resources

[The Amazing Agency Accelerator Tool™](#), developed by One Agents Alliance, will help you through agency operational improvements and is a great tool for modeling potential negative consequences.

[The SWOT Worksheet](#) will help you do a SWOT Analysis of your agency, which will identify strengths, weaknesses, opportunities, and threats. We're recommending that all agency owners undertake a SWOT analysis of their agency in order to help inform their most successful route through the current crisis to emerge stronger than before.

[Tips for Working at Home](#) is an excellent resource to share with your employees for maximizing productivity and success while working from home.

[Digital Agency Scorecard](#) will help you assess how well you've digitized your agency. It also serves as a checklist to help guide your next steps toward a fully digitized insurance agency.

[Business Continuity Preparedness Plan](#) will help you and your agency implement a proactive and successful response to the COVID-19 pandemic.

[Virtual Sales on the Rise](#) is a good starting point for understanding how your staff can leverage virtual sales tactics and tools to sell to modern consumers in the way that they prefer to buy.

[The Scary Times Success Manual](#) by Dan Sullivan, of The Strategic Coach, addresses how to transform business anxieties and fear into strategic growth, progress, and achievement.

[Employee's Rights Under Families First Corona Response Act](#), outlines the steps that employers need to make in order to remain compliant with the FFCRA.

[Coronavirus Emergency Loans Small Business Guide and Checklist](#) is a U.S. Chamber of Commerce publication that outlines the Paycheck Protection Program offered through the SBA.

About the Authors



Eric Blew

Eric Blew is the President of Pennsylvania Insurance Alliance and an Agency Principal of Arbor Insurance Group located in Allentown, PA. Eric has been an Independent Insurance Agent since 1979, serving the property and casualty insurance market in Eastern Pennsylvania. Eric founded Pennsylvania Insurance Alliance in 1997 with Bill Hacker and Jack Bury and became President of the Alliance in 2012. He is devoted to the development and expansion of the

Independent Insurance Agency and the evolution of their partnership with Independent Insurance Companies.

Eric is active in NAIFA and is a past president of the local association. He has also been an active member of several insurance company agent councils including The Hartford, C N A, Encompass, Main Street America, Mutual Benefit, and Nationwide. Eric was recognized by Travelers Insurance Company as the Personal Insurance Agent of the Year in 2013 and in 2018. The Travelers award honors business leaders who have attained the highest standard of success in the insurance industry.

Eric is a graduate of Lehigh University and holds the Life Underwriters Training Council Fellow designation. He is very active within the Allentown Community and has enjoyed serving as a member of the Board of Directors of the Miller Keystone Blood Center and Hospital Central Services, Inc. He is an active worship leader at St. John's Evangelical Lutheran Church. Eric resides with his wife and son in the Lehigh Valley.



Tony Caldwell

Tony Caldwell is the co-founder and CEO of One Agents Alliance, an agency development and coaching organization doing business in the Midwestern U.S. and California. He is also a Managing Partner in Oklahoma Business Insurers Agency, located in Oklahoma City, Oklahoma.

As a serial entrepreneur, Tony started his first business subcontracting labor at age ten. Since then, he has created, operated, and sold several companies. His current business has partnered with over two hundred fifty entrepreneurs to create local independent insurance agencies. This extensive experience formed the foundation for writing this book. OAA now has nearly two hundred agency partners located in five states, producing more than \$500 million in premium annually.

Tony is passionate about helping others. He has expressed this passion as a seminarian, state legislator, past Chairman of the Independent Insurance Agents of

Oklahoma, and active community volunteer. Tony is especially interested in helping underprivileged children and those who have had difficult childhoods. He calls his company “a dream factory” because he wants to help entrepreneurs achieve their personal and professional dreams through his profession.

An active pilot, Tony loves to travel with his wife, Sharon. They have two sons, both of whom plan to be entrepreneurs themselves.



Matt Masiello

Matt Masiello has 26 years of experience at SIAA and SAN Group working with thousands of independent agencies, insurance companies, and in property & casualty distribution.

Matt has become a subject matter expert in the field of insurance and agency development and is a frequent contributor to many industry publications, including Insurance Journal, Property Casualty 360, National Underwriter Magazine, PIA Magazine, Independent Agent, Best’s Review and The Standard. He is a frequent presenter at a variety of insurance conventions, meetings and events. Matt is an outspoken proponent of the independent insurance agency distribution channel and a leader on the evolution of the insurance agent.

He has received the Travelers Agent of the Year, New Hampshire Business Review: Business Excellence Award, and was Named to Insurance Business America Hot 100 List.in 2017, which recognizes leaders for shaping the future of the insurance industry. Matt is a licensed agent in multiple states for property, casualty, life, accident and health - holding the Accredited Advisor of Insurance (AAI) designation. He has served on regional and national advisory councils for numerous insurance companies and serves on the Board of Trustees of Tilton School.

Matt resides on the seacoast of New Hampshire with his wife and three sons. When not working, you can find him and his family boating, fishing, hiking, traveling or skiing.

SIAA

SIAA is a national alliance comprised of 48 regional Master Agencies, supporting 13% of independent agencies and representing \$8.9 Billion of property & casualty premiums. SIAA and its Master Agencies focus on providing market access, increased agency revenue and agency development services.

Members of SIAA have access to the best standard and E&S markets at the highest compensation levels available. This includes SIAA's unique '5 Ways to Get Paid' for Member agencies on their books of business. The Agency Development services include a formal program for creating independent agencies, efficiently and effectively developing small commercial business, access to the SIAA Training & Learning Center as well as assistance from professional mentors and a field organization of insurance professionals to assist agencies in obtaining their goals.

The SIAA model has been successfully operating, evolving and growing since 1983 through market swings and financial crisis. SIAA and its Master Agencies are positioned to assist independent agencies, in the past, present and with any challenges that the future may bring.

Visit www.siaa.com to learn more and to find your local Master Agency.