



The Power *of a* Network Partnership for Independent Agents

Increasing numbers of new agency owners, existing independents, and former captive agents are looking to join agency networks to compete in a tough insurance market. On their own, independent agents are challenged to meet multiple carrier volume requirements or qualify for higher commissions, bonuses, and contingency payouts that come with larger books. They also need access to better training, financing, and other business solutions.

But how do you choose the right partner?

The secret to identifying the right network is to ask a lot of questions, review the contract carefully and see if the network's business model is right for you – as you are now and as you grow.

Each agent's business model is unique, so your network partner needs to be flexible, and provide the solutions unique to your agency's needs.



Growth is at an historic high. Independent insurance agents and brokers grew overall by 8.5% in the third quarter 2021, surpassing the 7.1% organic growth reported in the second quarter of 2021, according to Reagan Consulting's Growth & Profitability Survey. This is the highest organic growth rate in the 13-year history of the survey.¹

At the same time, agency partnerships and networks continue to grow in strength and numbers as independent agencies, large and small, look to these groups for greater market access, valuable services and the sharing of ideas that can take their agencies to the next level of growth.²

It's estimated there are 150 insurance agency networks in the US – all vastly diverse in terms of size, location, ownership structure, and years in business – and 22,000 agencies reported to be members of insurance agency networks. As of 2020, total network premiums controlled by networks and agencies was pegged at \$138 billion.³

At the very basic level, insurance agency networks provide a platform for connectivity among agencies and their carrier partners. Yet, they can provide so much more!

Whether you're a former captive making the move to independent, starting from scratch, or an established multi-office agency, you need to choose your network wisely or pay dearly.

The GPS Industry Snapshot Q3 2021	
8.5%	Median industry organic growth
7.4%	Projected year-end 2021 organic growth
25.2%	Median industry EBITDA margin
23.0%	Projected year-end 2021 EBITDA margin
9.5%	Median commercial lines organic growth
4.2%	Median personal lines organic growth
4.1%	Median group benefits organic growth

¹<https://reaganconsulting.com/wp-content/uploads/2022/01/Q3-2021-GPS-Sample-Results-Market-Commentary.pdf>

²<https://www.insurancejournal.com/magazines/mag-features/2021/09/20/632615.htm>

³<https://networksalliance.com/wp-content/uploads/2022/02/Insurance-Networks-Study-FULL-REPORT.pdf>

What are the Most Important Considerations When Choosing a Network Partner?

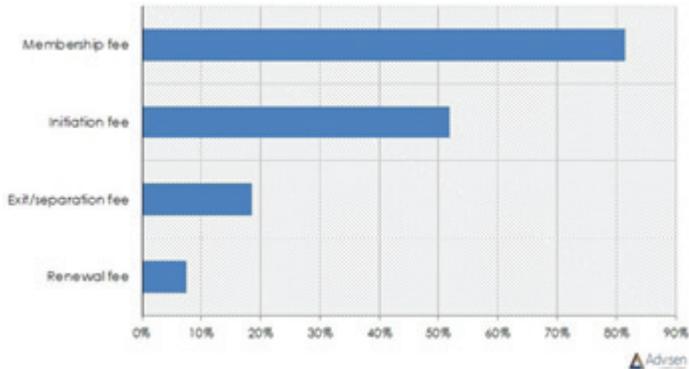
▪ Flexibility

You're not looking for one-size-fits-all. New agents commonly need help with marketing, staffing, knowing how to start, and especially with making the right connections to obtain carrier contracts. Agents who are well-established, might just need access to penetrate a new or niche market – or assistance looking for expansion opportunities. Regardless of your needs, you want to find a partnership that provides valuable assistance at every stage of your business journey.

▪ No Fees

In a recent poll of insurance networks, 81% reported charging their member agencies membership fees, 52% imposed initiation fees, 7% charged renewal fees, and nearly 20% required exit or separation fees when a member agency decided to leave the network.⁴

Fees



Ask a lot of questions! You want to find a network without these upfront and recurring fees. Look for no start up fees. No monthly fees. No exit fees. NO fees period. Look for a generous commission split, as well.

▪ Access to Top-rated Carriers

Learning the ins and outs of multiple companies' products is daunting. Agents can spend years trying to figure out carriers' contracts. Find a network partner who not only gives you access, but also helps you navigate the carrier relationship, training you on the nuances of each carrier, helping you track appetite guide changes, underwriting updates, and product enhancements.

▪ An Agent-friendly Contract

Don't get stuck in a bad contract. You want a non-exclusive contract where you retain your book of business and aren't held captive to the network when and if you choose to leave.

But what's the most important consideration when choosing a network, that most agents overlook?

*Don't Look for a Vendor,
Find a Partner*

True Partnership

If you're an agency operator searching for a network partner, you aren't just looking for a vendor to provide a service, you are looking for a partner. That's how Smart Choice® differentiates itself from other networks – a dynamic support team of field leaders who have your back.

With roughly 90 territory managers across 45 states, working alongside independent agents every day, Smart Choice has skin in the game to help each agent be successful.

I get phone calls with questions on everything from markets to employee issues. "What do you think about this?" Or "I want to steer my agency in this other direction, so where do you think I should start?" I get questions across the board. We work together, and I love it, because it makes us and the agents that much smarter and more successful.

—Kim Carney, State Director Arkansas

⁴<https://networksalliance.com/wp-content/uploads/2022/02/Insurance-Networks-Study-FULL-REPORT.pdf>

Bryan Clinkscales & Kim Carney



I like to mentor young agents, and I always tell them that at the end of the day, it's a partnership between you and your carriers. It has to work for both.

*—Bryan Clinkscales,
owner of Boone-Ritter Insurance*

Not only for startups

Every new Smart Choice® agency is different. Some are just starting out, and others are established and self-sufficient. They know which direction that they want to go.

“What we do is go into an agency, see what they need, and what value we can add,” said Kim Carney, Arkansas Smart Choice® state director. “Maybe they need help in the commercial area, or in personal lines, or even life insurance. We see where we can fit in to help enhance their offerings to their customers.”

Bryan Clinkscales' relationship with Smart Choice® started early on in his agency's history before his father's retirement. “A mentor of mine introduced us to Smart Choice® and we did a contract, which gave us the chance to get some markets.” As the years went by, Bryan's agency grew. When he acquired another Smart Choice® agency years later, he had a chance to look at all the different programs Smart Choice® offered.

Now Bryan has four locations across the state that use Smart Choice®. From Bryan's perspective, “I think that flexibility makes Smart Choice® stand out from others in their field. My Smart Choice® team is not hovering over me telling me what I need to do. Instead, we're able to run our agency exactly as we want to. But I can go to them and say, ‘I have this idea.’ Or they come to me and say, ‘we have this idea.’ Then together we come up with a strategy to accomplish it.”

Bryan was one of Kim's first agents, “He is a jewel for our whole industry in Arkansas. He is so respected in our insurance community.”

In Kim's view, the number one quality an agent must bring to the table to be successful is to be prepared to work. “A lot of people think that they're going to start an insurance agency and be out golfing every week. They think it's going to be easy, and it's not. It's a lot of work.”

“Bryan works very hard. He's not afraid to immerse himself in the office to work on an account or go visit the agency. He makes time for everybody that needs the time. He's very available and that makes a big difference.”

Lee Ann Pridgeon & Ann Bartell



I just love the support I have from Smart Choice®, and I can't say enough about my marketing rep, Ann Bartell, who is absolutely fabulous. I've known her forever. When a relationship goes from being business to being what you'd call a friend, that's success. And that woman is just so special to my heart.

*—Lee Ann Pridgeon,
owner of AllCare Insurance Service*

| Just a phone call away

In 2008, Lee Ann Pridgeon became a first-time agency owner when she purchased the Smart Choice® agency she'd worked at for 15 years. She now owns eight agencies across the state, and six of them came to her through her local network of Smart Choice® agents.

When Lee Ann first purchased her agencies, she had very little in the way of commercial business -- \$100,000 or less. Now she has almost \$3 million in commercial alone. "I could not have done that without the ability to get on the phone and call somebody who's experienced in the commercial department to help walk me through it," Lee Ann shares. "That's a big deal because you don't know what you don't know, and you can only learn these things through people that are willing to work with you and educate you on a lot of levels."

Through Smart Choice®, Lee Ann has the opportunity to write a policy for a customer, even if it requires a small, niche market. She doesn't have to turn that customer away or compromise on quality.

"I've seen that a lot of people who will put business with a particular company because they only have two carriers," says Lee Ann. "Well, I'm very fortunate to say that because of Smart Choice®, I don't have just two carriers, and I can do what's best for my clients."

Lee Ann can call Ann Bartell, her Smart Choice® territory manager and say, "Ann, I can't seem to locate a market for X, Y or Z. What do you guys have?" And Ann helps her find it.

She has even helped her with out-of-state business. "Again, if I'm not familiar with out-of-state rates, guidelines, etc., I know I can just contact Smart Choice® and say, can you help me with that? It's invaluable to have that connection and not have to worry about whether I am writing it correctly." Smart Choice can use their network of knowledgeable territory managers and field staff to answer nearly any questions an agent may have.

We asked Lee Ann, what are some benefits of working with Smart Choice®. She shared her top three!

- First, they get you the **markets** you'd otherwise not be able to obtain
- Second, they **support** you with the resources you need
- Third, they don't make you feel dumb if you call to ask a **question!**

"I tell my employees all the time, don't look to me to have all the answers, 'cuz, good Lord, I don't know!" Lee Ann tells them, "Don't ever be afraid to pick up the phone and ask a question. Anytime we've had to call and ask anyone at Smart Choice® for help with anything, we always get help."

Jeremy Powers & Rick Mathews



From the very beginning, our focus has been that we're going to put people first, and this independent space gives us the products and the ability to make sure that we're offering them the best solution.

—Independent Agent Jeremy Powers, founder of Powers Insurance Experts, former captive agent

Serve like no one else

"I knew from the very moment I met with Jeremy that he had that the "IT" factor that would absolutely make him successful not only in insurance, but any field he chose to be involved in. He genuinely is out to help people and he makes that his number one priority over everything else. With that mentality, success will absolutely follow." Rick Mathews, Smart Choice® Marketing Manager.

And the success did follow. Jeremy Powers, a former captive, built his new agency from zero, to a book of approximately \$1.6 million, within 18 months.

"I learned early on in my career from some mentors that our work is value based. What we sell is a very important aspect of someone's portfolio. I don't take that lightly," explained Jeremy.

"One of our core beliefs is that we love our staff, and we love our clients. We can earn like no one else, but we can also serve like no one else," which is exemplified in Jeremy's success. "Too many people in our industry are looking at the wrong things, when we need to be looking at how can we best love our customers."

From the outset, Rick was so impressed by Jeremy, he wanted to set up a meeting with a carrier rep who wasn't currently appointing agencies. He convinced her

that she would be missing out on a golden opportunity to partner with Jeremy if she didn't appoint him. "When we all got together, she had the same impression that I did and gave him the appointment he needed. Now they have a very successful relationship," says Rick.

"Without Smart Choice®, I would have never had that introduction," Jeremy explains. "I jokingly say, 'they gave me the chance to dance.'"

So, with Jeremy's unmatched work ethic, coupled with the access to carriers and taking full advantage of his support from Smart Choice®, the relationship has flourished from the onset.

As an independent, who truly values his customers, Jeremy doesn't have to leave it to chance that he has the best solution to his clients' needs. "I'm able to look at my products and know that in this situation, for this customer, they don't have to change life to fit the insurance product. I can find an insurance product that actually fits their lifestyle. This is very important and something that we will never take for granted.

Gulraiz Sultan & Mark DiVincenzo



I tell the agent this is a 50-50 proposition. I'll bring you the markets and the tools you need to succeed. You bring the drive and get in front of the people. If you have those two things, then your agency will be successful.

—Mark DiVincenzo, State Marketing Director Pennsylvania, Smart Choice®

Tenacity

When Gulraiz Sultan was ready to start his own agency, he looked at a few agency networks. Some wanted large sums of money up front plus a percent of commissions. Others wanted him to buy into a franchise. He wondered, "If I have to still do all the struggling on my own, what am I paying you for?"

Gulraiz brought a lot to the table. He had experience as a claims adjuster and analyst. He spoke six languages and had done a lot to establish himself. So, he was looking for a place where he could use all his acquired skills and knowledge. When he heard Smart Choice® could help him set up his own agency, get his foot in the door with the carriers, and he didn't have to pay anything, he said, "Great!"

Mark DiVincenzo, long-time Smart Choice® Pennsylvania state director, knows that when an agent is just starting out, they need to be tenacious. Because if they're going to give up, it's not going to work.

Gulraiz had just rented an office space when Mark and he sat down to talk. "It was the first week he was there. It was raining and the roof was leaking into a bucket on the floor. He was telling me about his goals and plans to build his agency," Mark remembers. "It's not a guarantee, but I just know from experience and can pretty much tell when somebody has the drive to make it happen. Gulraiz had the drive."

"I understand when an agent's going to be successful if he or she is just given a chance," Mark continues. "The relationship we have with our carrier partner is that they'll rely on our expertise when bringing them an agent, because they know we won't bring them

someone we don't think will be successful. It would be pointless for all parties and ruin the partnership. Gulraiz fit the success model perfectly."

Gulraiz started out in the Smart Start™ program with zero commissions and made himself successful enough to hit the "leadership level" in just three years. Agents can obtain leadership level by writing a certain amount of business in a 12 month time frame. All commission earned and written after that is no longer subject to a commission split with Smart Choice. So the network offers all agents the ability to keep 100% of their commissions. That's a high level of success for any agent.

We asked Gulraiz what he would say to anyone else out there who may be just starting out or is unsure. He said, "When I started this, nobody had any type of faith in me, except for myself. I remember there was a point where I couldn't afford to buy flyers. So, I bought a printer for \$25 and paper for \$10 and \$5 for the cutter. And I stayed up all night, printing out 500 flyers and cut them into a flyer size. I stuck to it, because I knew sometimes in life only you can see your vision, not everybody else around you can. We say that when the sun rises, everybody can see the sun.

"So, it's up to an individual how bad they want something. It's not up to anyone else. If you have the right intention, if you have your heart in the right place, you will find the right people who will work with you. Just like I did."

Conclusion

Smart Choice's partner agencies gain access to carrier appointments, markets, product training, in-house underwriting help, and guidance in their business operations from a dedicated team of regional field leaders.

About Smart Choice®

Smart Choice® offers a wide range of products and services to its partner agencies, including access to personal, commercial and life markets, in addition to business builder and business saver products. Currently partnered with over 9,000 agents nationwide, Smart Choice® has agreements with more than 100 national and regional carriers. Smart Choice® agency partners collectively write more than \$11 billion in premium annually. The Smart Choice® Agents Program is a wholly-owned program of Worldwide Insurance Network, Inc. (WIN), headquartered in High Point, North Carolina. For more information, visit www.smartchoiceagents.com.

You don't want to operate an agency on your own when an organization like the Smart Choice® exists. When you partner with Smart Choice®, agents can concentrate on selling profitable business.

—Mike Miller, State Director

I started this business with \$3,000 and a dream and Smart Choice® allowed that to happen. Some of the other networks wanted me to sell my kidney on the black market before I could get involved. But with Smart Choice®, we didn't have to invest a dollar. It was a great split from the start.

—Jeremy Powers, Independent Agent

They say there are only two reasons that people fail for any endeavor in life. They either have a skill deficiency or an effort deficiency. I've always felt an obligation to every one of my agency owners that I will bring them the skill that is necessary to be successful, and then it's up to them to put forth the effort to make it go.

—Mike Miller, Minnesota, Wisconsin, Iowa state director

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