

5 STRATEGIES FOR AGENTS TO OVERCOME CHALLENGES OF THE HARD INSURANCE MARKET

Pressure to produce. Long hours. Difficult conversations. Hard insurance markets present many challenges for insurance agents. Historically, a hard market is part of the cyclical nature of the insurance industry. However, the last significant hard market occurred in 2001, making these uncharted waters for many insurance agents.

WHAT IS A HARD INSURANCE MARKET?

A hard insurance market is defined as high demand for insurance coverage with limited or reduced supply, which leads to affordability and/or availability problems for insureds. And as their trusted insurance agent, it is your responsibility to guide them through these trying times. You may find it more difficult to secure coverage at what insureds feel is a reasonable price.

WHAT IS DRIVING THE HARD INSURANCE MARKET?

There are a few key factors driving the underwriting stringency in today's property and casualty insurance market. A phenomenon called social inflation has led to increased litigation and plaintiff-friendly settlements, with both negatively impacting underwriting performance. Interest rates are at a historic low, leaving insurers relying on pricing discipline to offset the investment income decline. Finally, catastrophic weather events created massive insured losses impacting insurance carriers' balance sheets. In 2020 alone, hurricane season produced 30 named storms in the Atlantic Basin, with 13 developing into hurricanes. This record-setting storm activity produced economic losses of \$65 billion.

THE SILVER LINING FOR INSURANCE AGENTS

On one hand, there is great opportunity to grow commissions simply by renewing accounts. On the other hand, renewing those clients becomes a lot harder due to tighter underwriting guidelines and rate increases. As an agent, you may feel extra pressure to deliver. At Millers Mutual, we are here to support our agents through this difficult time. Agents with a deep understanding of the market and close carrier relationships are best suited to help navigate insureds through the process. Although hard markets make it challenging for insurance agents to renew clients, there are plenty of ways to hold your ground! We've got you covered with a list of best practices for selling in today's hard insurance market.

5 BEST PRACTICES FOR SELLING IN A HARD INSURANCE MARKET

1

Begin the Renewal Process Early.

Begin the renewal process early but expect to work through the last minute. In a hard market, underwriters ask more questions, require more detailed information, spend more time reviewing submissions, and at times, have others review the quote before it goes out. Given these additional requests for information and potential layers in the decision-making process, agents are wise to begin gathering renewal data and reviewing upcoming renewals with their experienced underwriters early to lock down the renewal. Rather than call an underwriter on each account, schedule a call in advance to discuss several upcoming renewals. With both parties prepared for the discussion, agents will form a strong position to talk with their customers and work to renew accounts early.

2

Facilitate Open Communication.

Establishing open communication between agent and insured is crucial in a hard market. Insureds and agents should collaborate closely in securing the best coverage. Typically, it is the insured's responsibility to articulate their needs and exposures, while it's the agent's responsibility to discuss strategy and educate the insured on the complexities of insurance policies. Now is the time to provide insureds with an understanding of how rates have been affected by the hard market.

3

Build Out Comprehensive Solutions.

Agents who understand their customers' needs and create a comprehensive submission are more likely to succeed in a hard market. Think of it like this: In the absence of information, underwriters sometimes assume the worst. Robust submissions take the guesswork out of the equation and make underwriters' jobs easier, producing a fairer price and optimal coverage for the insured. This will help secure the broadest insurance coverage possible at the most competitive rates, protecting the insured's bottom line.

4

Illustrate the Value of Insurance Coverage.

A hard market is not the time to sell a policy on price. But for many agents, a significant price increase triggers a knee-jerk reaction to shop coverage. While shopping coverage may be the right thing to do in certain cases, a better approach may be to look at deductibles, discounts, replacement values, and additional coverages that add more value for minimal cost. Talking to a customer about a premium increase can be difficult, but if you illustrate the value of coverage, it can save you a lot of time on the front end and better protect the insured.

5

Be Prepared to Define Unique Selling Propositions of Carriers.

In the minds of the insureds, most carriers use the same marketing approaches, provide comparable coverages, and make singular promises. Price becomes the only stand-out variable when comparing carriers. This forces you as an agent to define the unique selling proposition that differentiates one carrier from the other, as all carriers are experiencing rate increases. It is your responsibility as their trusted agent to explain why a carrier is right for their business.

IN CLOSING: THE KEY TO SUCCESS

During hard times, it is critical to have the right people on your side. Experience and a willingness to work through the challenges are key to achieving successful outcomes, and that is just what Millers Mutual is committed to do. Insurance agents with strong carrier relationships and a creative strategy can alleviate much of the strain associated with the uncertainty of a hard market. And remember, the hard market won't last forever.

To learn more about what Millers Mutual has to offer, visit us at <https://millersinsurance.com>.

About Millers Mutual Insurance

Millers Mutual Insurance, based in Harrisburg, Pennsylvania, is the niche property & casualty insurer that brings stability to multifamily housing. As a carrier that's dedicated to understanding the intricacies of the niche, we believe our singular focus on multifamily housing results in the kind of comprehensive, stable coverage our agents—and their multifamily clients—deserve. We currently serve commercial policyholders in Pennsylvania, Delaware, Maryland, North Carolina, Ohio, Virginia, and Washington, D.C., through a network of independent agents.